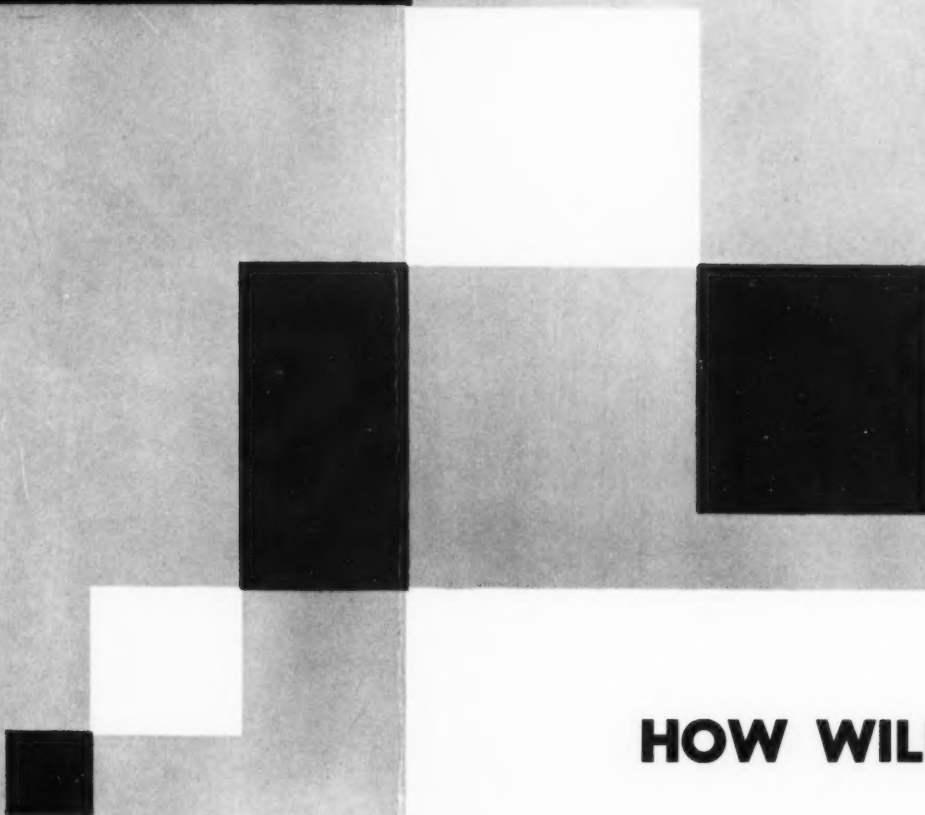


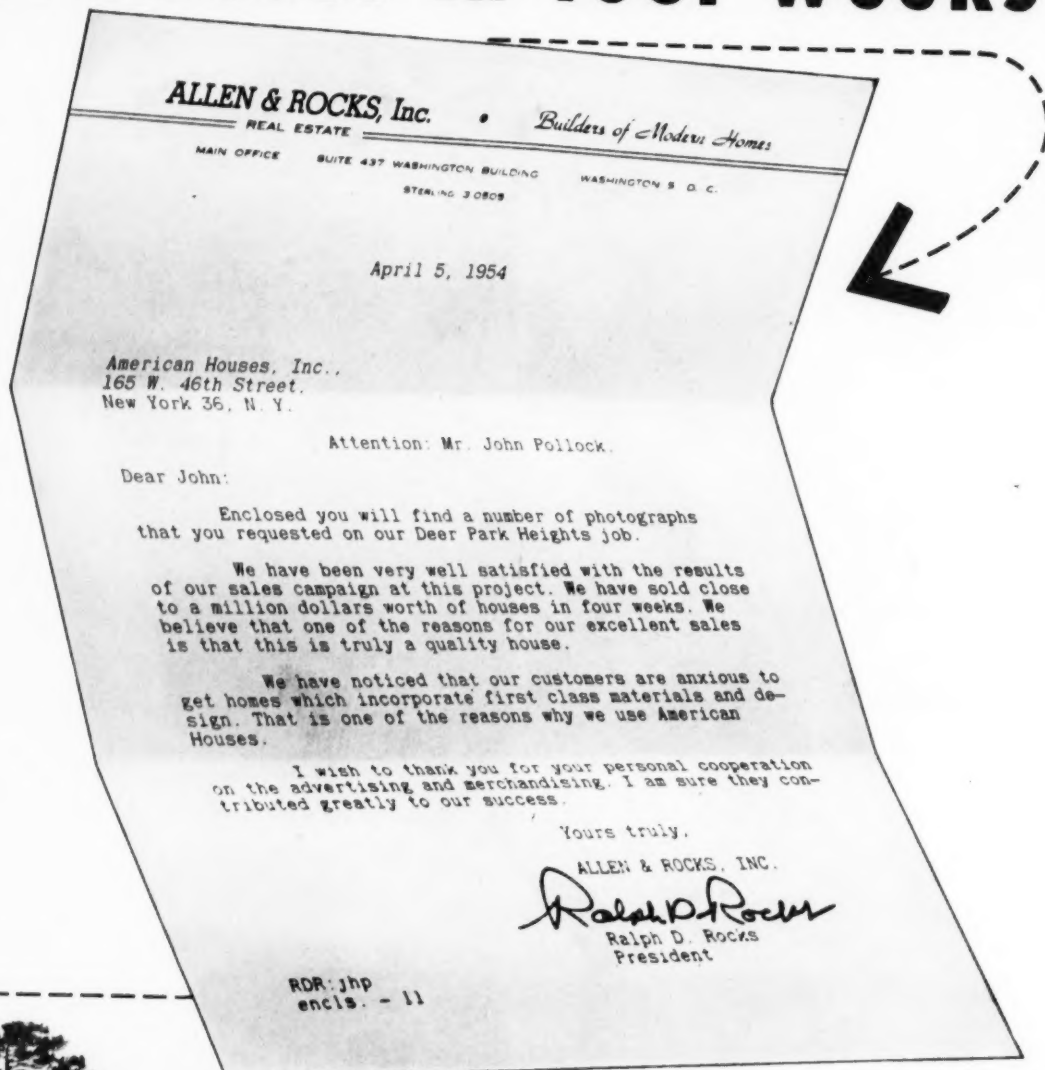
SEPTEMBER 1954

NATIONAL
REAL ESTATE
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JOURNAL



**HOW WILL THE
NEW HOUSING LAW
AFFECT YOU?—p. 22**

"...a million dollars worth of houses in four weeks"



Allen & Rocks built 170 family units of the "Commander", a 3-bedroom duplex, and now another 200 are under construction. Equipped with gas range, refrigerator, and a garbage disposal unit, they sold for \$12,950 a unit.

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Carson Cowherd attributes much of the *spontaneous* sales success to the Hotpoint appliances: Automatic Dishwashers which relieve the entire family of housework's most disliked chore; Disposalls which eliminate food waste before it can become garbage; clothes washers with famed Triple-Action rinsing; and gleaming Hotpoint all-steel cabinets.

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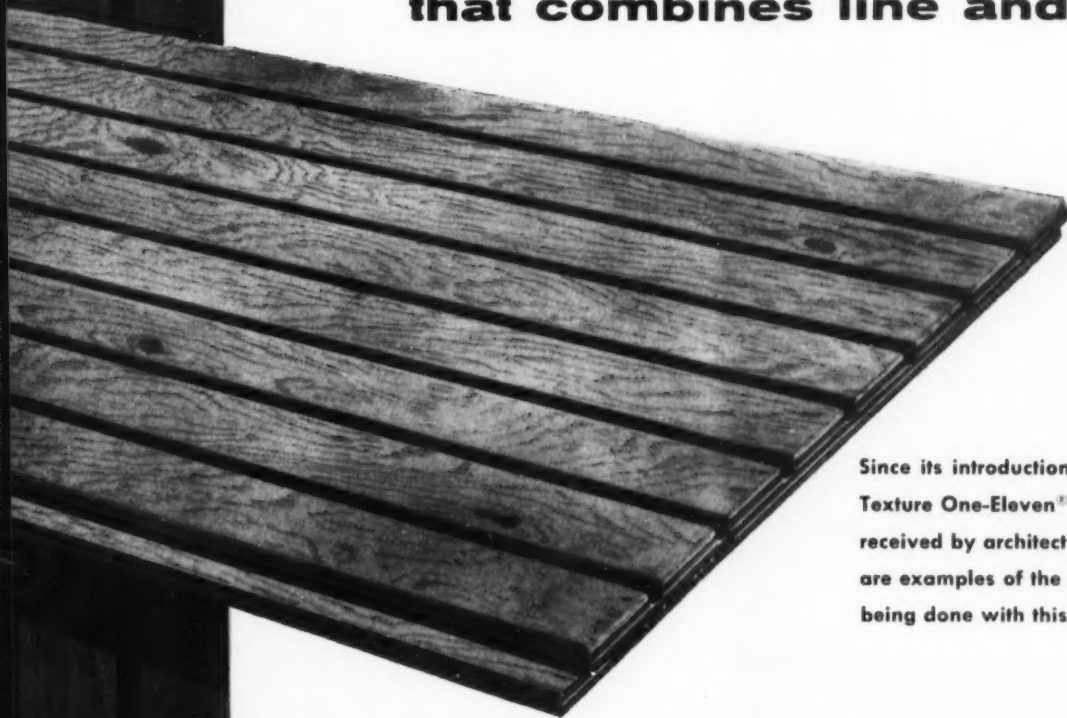
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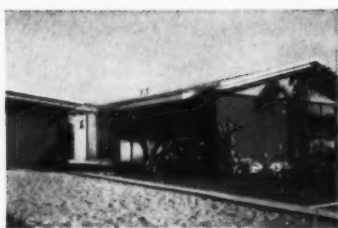
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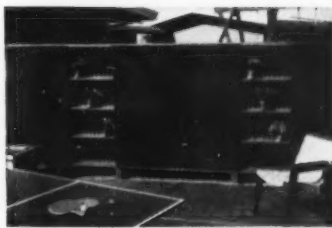
**...the exciting new panel material
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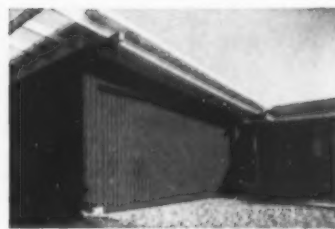
Since its introduction only a few months ago, Texture One-Eleven[®] has been enthusiastically received by architects and builders. Here are examples of the many exciting things being done with this striking new material.



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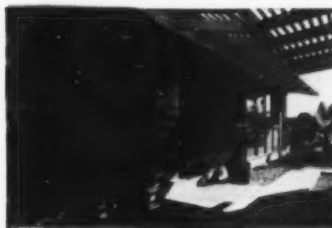
Equally effective for patio fences, gable ends and soffits, Texture One-Eleven contrasts well with masonry and other materials.



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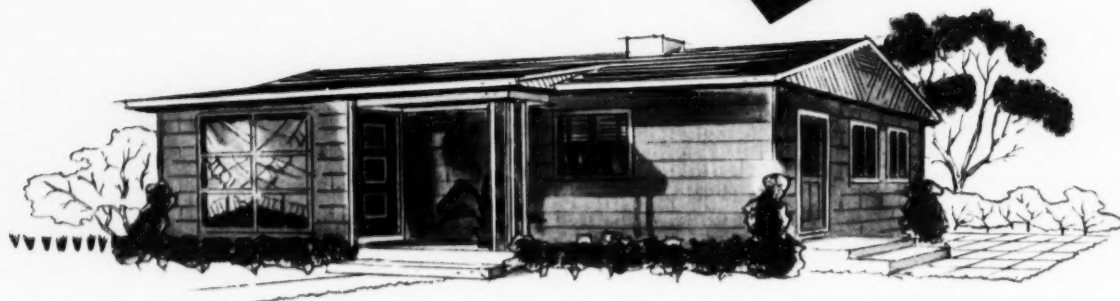


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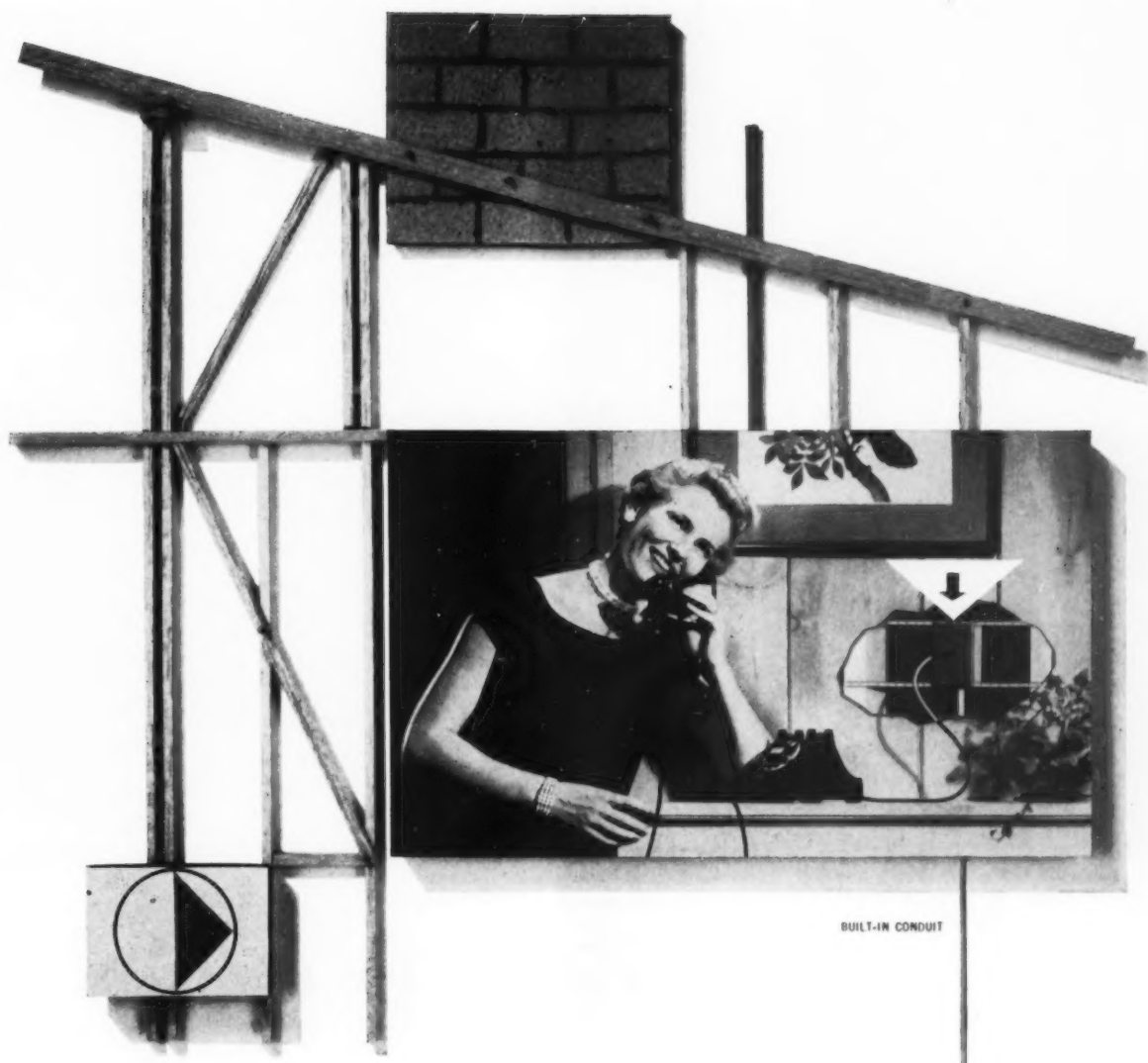
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NATIONAL REAL ESTATE and BUILDING JOURNAL

VOL. 55 NO. 9



SEPTEMBER 1954

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Published monthly for real estate builders, property managers, and real estate brokers, by Stamats Publishing Company. Publication offices and general headquarters — 427 Sixth Avenue, Southeast, Cedar Rapids, Iowa

Subscription prices: \$5 a year, \$9 two years, \$12 three years in the United States. In Canada, \$6 a year; in all other countries, \$7.50 a year. Single copies 60 cents; back copies except Roster issue \$1. Member ABC.

THE JOURNAL REPORTS



July Housing Starts 16% Above 1953

Housing starts dropped 7% in July to 112,000 after an unseasonal high of 120,000 starts in June. In spite of the drop, July starts are 16% above July 1953 and exceed any other July on record except July 1950. The 8,000 unit decrease was confined mostly to non-metropolitan sections. Housing activities in metropolitan areas were almost as high as the June peak. For the first time in 1954 the cumulative starts (public and private) topped the total for 1953 — 683,500 compared with 678,100.

Private housing starts for the first seven months of 1954 total 669,800 — 3% more than a year ago. The 109,000 private dwelling unit starts in July represent a seasonally adjusted annual rate of 1,147,000 — the fifth month this year in which the private housing rate equals or exceeds 1.1 million.

The North Central section of the country showed the sharpest Spring upturn in housing. For the four-

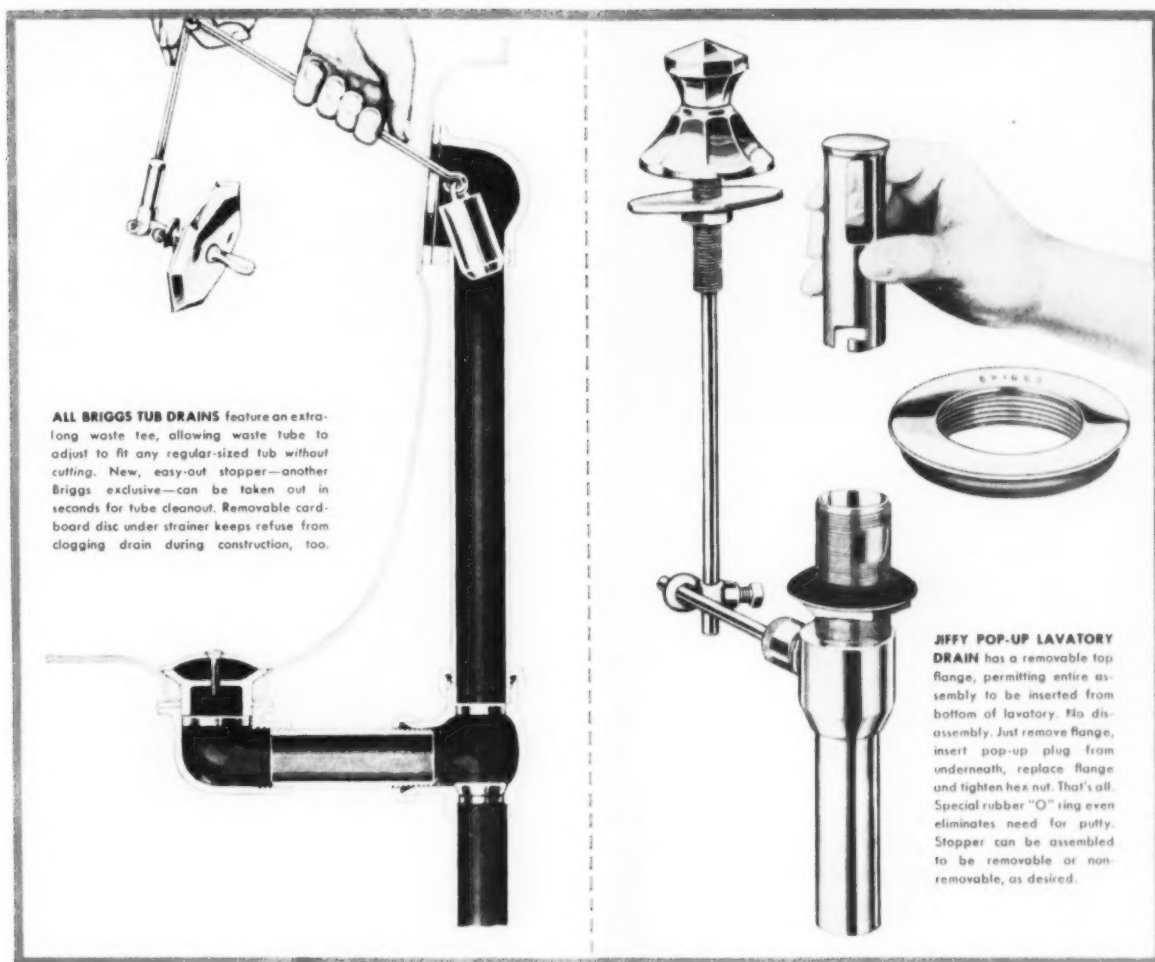
month period from January through April, the South accounted for the greatest number (30%) of new units started, with the West and North Central regions accounting for a fourth each and the Northeast a fifth.

Tax Breaks For Home Sellers

Now that the federal tax structure has been overhauled, homeowners will get several new breaks when they sell their present home and buy another. You can now deduct "fix-up" expenses necessary to sell your old house, such as painting and plastering. You can also deduct the selling broker's commission as an expense of sale.

To be deductible, these fix-up costs must be for work done within the 90 days prior to the sale and paid for within 30 days after the sale.

Under the old law, homeowners didn't have to pay capital gains tax on profits over the original purchase



ALL BRIGGS TUB DRAINS feature an extra-long waste tee, allowing waste tube to adjust to fit any regular-sized tub without cutting. New, easy-out stopper—another Briggs exclusive—can be taken out in seconds for tube cleanout. Removable cardboard disc under strainer keeps refuse from clogging drain during construction, too.

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price, provided they reinvested in another house within one year, or built a new one within 18 months. But if the second house didn't cost as much as the one they sold, homeowners had to pay a capital gains tax on the difference.

Henry Waltemade, chairman of the Realtors Washington Committee which helped bring about these breaks, explains how one inequity in the old system has been removed: "A homeowner who paid \$10,000 for a house sells it for \$15,000 and buys a \$13,000 home. Under the old law, he would have been subject to capital gains tax on \$2,000. Now, however, if this seller incurred sales expenses of \$1,000 and another \$1,000 in fix-up outlay, he would be relieved of any tax because he could deduct them from the selling price for tax purposes."

States Crack Down On Advance Fee Abuses

Real estate commissioners in several states are beginning a serious crack-down on advance listing fee abuses by national brokerage organizations. The New York state license director has revoked the license of Charles Ford and Associates of the East, Incorporated, charging the firm with collecting "advance fees," then putting little effort into making a sale.

In Chicago 100 complaints have been received by the Better Business Bureau against the Charles Ford firm and three others — the Allstate Brokerage Corporations; Heinz, Johnson, Dunn Corporations; and Nation Wide Business Brokers, Incorporated. Complaints against these firms cite such misrepresentations as: statements by listing agents that properties will be sold by a certain date; suggestions by agents that owners raise their prices (so the 1% fee would go up); false promises that refunds would be made if there was no sale; claims that the companies had "live" prospects; promises to give seller proof of advertising in his behalf. These cases are being turned over to the Post Office Department.

Leon E. Todd, president of the New Jersey Real Estate Commission, speaking at the New England realtors convention in Manchester, Vermont, says his state has already punished unlicensed agents working for advance fee companies. He says New Jersey is now going after the companies themselves.

FHA Field Directors Meet in Washington

All 70 FHA field directors were called to the nation's capitol recently for a briefing on the new housing law and a simple warning — "the FHA has been cleansed; keep it clean."

Directors came from every state, Alaska, Hawaii and Puerto Rico. This is the first time all FHA directors have gathered since before World War II.

FHA Commissioner Norman P. Mason said that all those who have survived the investigation are good, honest federal employees as far as is known. He cautioned directors against accepting gifts of any kind, regardless of size or relative importance, and emphasized that they are operating a \$40 billion institution whose stockholders are the American people.

"The meetings," said one state director, "were most helpful and reassuring."

Slusser Seeks Control of Slum Clearance

"The crimp Congress put on public housing isn't as strict as it looks," says Public Housing Administrator Charles E. Slusser. The "crimp" is a provision that

(Please turn to page 12)

*"I made a check chart...
then I changed to*



says leading builder,
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American Kitchens

Check these top competition-beating features.	ONE PIECE SEAMLESS DRAWERS	EASY GLIDING NYLON DRAWER GUIDES	SEAMLESS TOPS—FRONT TO BACK	DOUBLE ACTION SPRING HINGES	CONCEALED PULLS ON DRAWERS WALL CABINETS	SMOOTH ROUNDED CONTOURS	TOE KICK ROOM—ALL BASE CABINETS	15% LARGER SINK BOWL
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(Left) L. Martin, Gen. Superintendent for Bingham (Right) Ben L. Bingham

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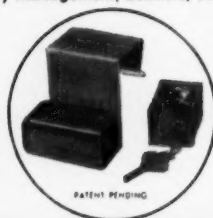
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**Myers Y. Cooper
at Hoover Celebration**

ONE OF THE LONG-TIME friends of Herbert Hoover who helped him celebrate his 80th birthday at West Branch, Iowa, was Realtor Myers Y. Cooper of Cincinnati, governor of Ohio in 1929-30. Joining with Ex-Gov. Cooper in the festivities were Lowell Baker, executive secretary of NAREB, and Ralph Clements and Bob Fawcett of the JOURNAL staff. Mr. Cooper recalled old times with Mr. Hoover as well as dozens of the other notables in attendance. In the picture above are: Mr. Baker, Ex-Gov. Cooper, Patrick J. Hurley, Secretary of War in the Hoover cabinet, and (wearing a hat) Commodore Ernest Lee Jahncke, Assistant Secretary of the Navy in the Hoover cabinet.

Journal Reports

(Continued from page 10)

new units can be built only to house people displaced by slum clearance projects.

Slusser says a survey shows 70 U.S. cities have slum programs that will produce a need for 90,000 units. He says the problem will be strictly administrative.

Since slum clearance is run by the Housing and Home Finance Agency, Slusser feels HHFA and PHA must work together — tie in slum clearance with public housing projects. Consequently, he's pushing a plan to put both programs under one man, believing he should head the slum clearance program now that Congress has tied it to public housing.

MBA Announces Convention Speakers

On September 27-30 the Mortgage Bankers Association will hold its 41st annual convention at the Conrad Hilton Hotel, Chicago. Highlight will be a broad conference on construction for minority groups and acceleration of urban redevelopment, two fast-growing industry trends. James W. Rouse, a member of the President's housing advisory committee, will conduct the session. Guy T. O. Hollyday, former commissioner of the FHA and George W. Snowden, consultant on minority group housing for the FHA, will be key speakers. About 3,000 mortgage commercial and mutual savings bankers, title and trust company officials and life insurance executives are expected to attend.

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R·O·W SALES CO. 1338-78 ACADEMY AVENUE • FERNDALE 20, MICHIGAN

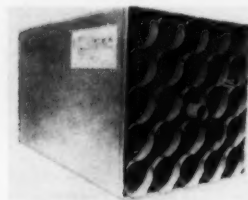
R·O·W is the registered trade mark of the R·O·W Sales Co.

Product Progress

An Orderly System

9-1

It is now possible to file large lay-outs and tracings by using this "mailing tube method" and yet have the material readily available through the use of an index relating to coordinated tubes in the Multi-roll File according to Roll & File Systems, Inc., Ferndale, Michigan. Each unit contains 25 individual tubes of 2½ inch inside diameter encased in a 200 pound-test reinforced corrugated board container. The rear ends are closed to prevent air circulation and both sides and tubes ends are finished in a plastic base enamel in a choice of dark green or medium grey. Three models, providing tube lengths of 30, 36 and 42 inches are currently in production.



Radiant Electric Heating

9-2

Development of a new heating wire that can be used in dry-wall construction, has been announced by General Electric's Construction Material Division at Bridgeport, Connecticut. The new wire, which uses a nylon coating over the thermo-plastic insulation, has a new higher rating of 90 C which makes it practical for heating homes where "dry-wall" is used. The nylon coating also gives the wire superior abrasion resistance. In addition, General Electric manufactures a heating wire for installation in plaster. Both types of wire are installed in the ceilings, and both systems are controlled by room or zone thermostats.

Modern as Tomorrow

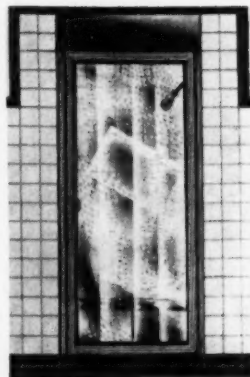
9-3

The versatility of Ripplewood textured wood wall paneling throughout the home is shown in a series of illustrations in the new full-color brochure recently issued by the Georgia-Pacific Plywood Company of New York City. The 12-page brochure illustrates

many of the decorative possibilities of using textured plywood as wall covering in today's new homes or over old plaster walls. The brochure also demonstrates how finishes may be combined in two-tone effects, light on dark, dark on light, or color on color, enabling the homeowner to be his own decorator with Ripplewood's 4 by 8 foot panels, and 16 by 16 or 12 by 12 inch squares.

Self-Adjusting Door

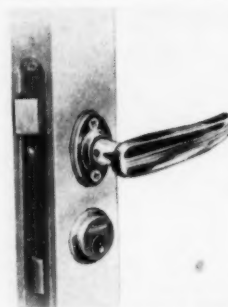
9-4



The manufacturer of this Beauti-Dor adjustable shower door, Shower Enclosures, Inc. of Chicago says only a simple adjustment of the jambs is all that is required to assure level installation in openings of 23½ to 25, 25 to 26½ and 26½ to 28 inches. The Beauti-Dor is made of extra thick, highly polished, heat treated, rust proof aluminum and glass is 7/32 inch in exclusive "Sea Foam" pattern. It is shipped in individual cartons — completely assembled — and ready to install as it comes from the factory.

Under Lock and Key

9-5



The Variety Manufacturing & Engineering Company of Chicago has announced the availability of a Dead-Lock Latch on their Fulton custom line of architectural aluminum doors. Designed for narrow stile doors with limited backset, it is especially practical for tough wind conditions and limited access locations. Features of lock include: key operates both bolts . . . latch handle can be used singly or in pairs . . . knob can be used on pairs and on outswing doors . . . latch can be held retracted . . . latch can be used with buzzer keeper . . . has a minimum of parts.

Balance-All

9-6

The Rockford Window Balance Company of Rockton, Illinois recently introduced this new window sash balance that eliminates ropes, sash weights and pulley hardware. According to the manufacturer, features include easy installation and smooth operation at all times. Made of brass and aluminum it cannot rust and can be installed in either old or new windows.



Door of The Future

9-7

A new Herculite tempered glass door, one-half inch thick and weighing 50 pounds less than three-quarter inch tempered glass doors now available.

Handy Inquiry Form

NATIONAL REAL ESTATE AND BUILDING JOURNAL
427 Sixth Avenue S. E.
Cedar Rapids, Iowa

I want to know more about the items checked below.
Please see that complete information is sent to me without cost or obligation.

9-1 9-2 9-3 9-4 9-5
9-6 9-7 9-8 9-9 9-10
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Name _____

Title _____

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California Contemporary for 1954



Now, the famed Scholz California contemporary in a completely new designed line with the characteristics which have made Scholz Homes sales record setters everywhere they have been built . . . featured in nearly every major home magazine from coast to coast in the past year.

If you build homes anywhere from \$10,000 to \$30,000, Scholz 1954 homes will give you the advantage of this tremendous prestige and "built in" sales appeal . . . will save you money and turn over more houses per year!

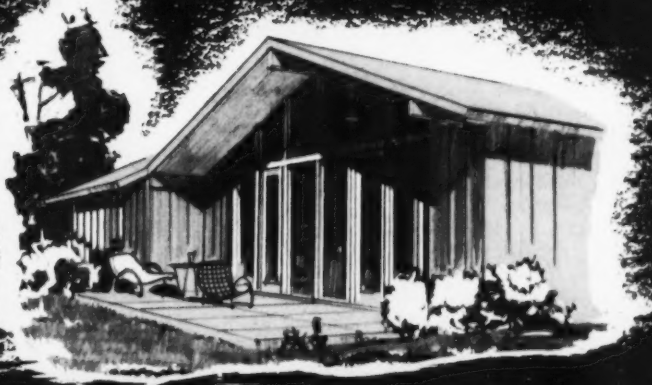
Scholz is first to bring a three bed room-2 bath, separate recreation room, attached garage ranch home (conventional or open beam ceiling) down in the \$15,000 range.

Not a pre-cut—but a fully panellized home designed by successful builders with years of know-how to be the simplest, most easily assembled house ever erected using a maximum of four men. Codes classify Scholz homes as conventional construction.

Project builders can build as many as 40 homes without duplicating an exterior. Scholz homes are now manufactured in the widest range of sizes and types in one of the most modern plants in the industry. WRITE, call or wire today for complete information. Models can be seen in Toledo or Cleveland. Financing available.

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Scholz Homes is the fastest growing manufacturer in a rapidly expanding industry offering unparalleled opportunity to men who can fit into our aggressive program. Contact . . .



terrace view

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has been announced by the Pittsburgh Plate Glass Company. The new product is designed to swing easier in manual operation and will have the same quality, appearance and hardware as the heavier model in addition to ample strength. A newly designed line of hardware is available in keeping with modern architectural design trends. Hercule door frames with stop members to receive one-half inch sidelights are available for the new doors. Both Pittco and Pittcomatic hinges may be used with them.

Something for the Kitchen

9-8

This new sink has been developed and introduced by Elkay Manufacturing Company, Chicago, as the answer to end sink fatigue and relieve back strain. One of the features of this sink is a shallow, sit-down bowl that allows for knee room underneath. Made of stainless steel, the sink is available in 72, 84 and 96 inch lengths for conventional counter arrangement or in a 40½ by 54½ inch peninsula model for either island or peninsula installation. The peninsula sink has two deep bowls for rinsing and dish washing and a shallow one for sit-down use. A fully rotating swivel faucet will serve all three bowls. The counter model has one deep bowl and one sit-down bowl.



Talking Houses

9-9

Model homes can do their own selling job, explaining their qualities to visitors with the use of this newly developed Message Repeater Junior, a product of the Mohawk Business Machines Corporation of Brooklyn, New York. Eight inches in length and utilizing an external five-inch speaker it delivers its message from a magnetic tape within a cartridge the size of a pack of cigarettes. Each message can be up to two minutes in length. The unit delivers sufficient volume to be used as a public address system or in conjunction with outdoor advertising displays.



No More Slams or Bangs

9-10

The Keystone Klo-Sure, an automatic hydraulic oil check suitable for installation on any screen or storm door, wood or metal, is a new product made by Keystone Alloys Company of Derry, Pennsylvania. According to the manufacturers, the Klo-Sure provides continuous, positive control which closes doors quietly and



(Please turn to page 41)



BATHROOMS AND BEDROOMS are where most soiled laundry originates. The logical place to locate a laundry is adjacent to these areas, where dual use of plumbing supply and drain lines is possible.

LOW-COST CUSTOM MODELS have all essential features for top performance.



"NEW Way to Wash" Twins Arrive

Famous Westinghouse Laundromat® and Dryer build maximum interest in only 5'-3" floor space

New home buyers today want complete automatic laundry areas. To satisfy this demand, Westinghouse introduces new De Luxe Twins, styled for attention and engineered for value.

The De Luxe Laundromat offers a "New Way To Wash" with its patented Agi-Tumble Action that makes obsolete all other methods. Its Single Dial Control provides complete flexibility in washing time and temperatures. Its Weigh-to-Save Door and Water Saver allow sizable economies in hot water and detergents.

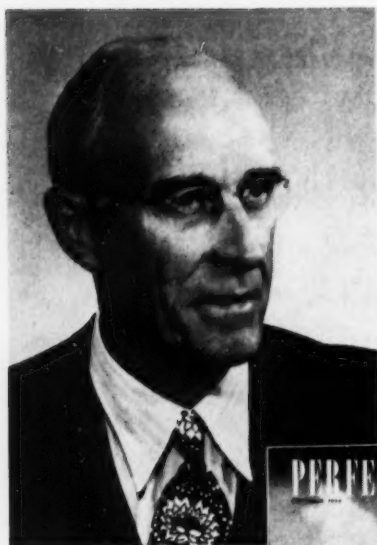
The companion De Luxe Clothes Dryer features an exclusive direct air flow system that dries clothes faster. The fully automatic Control Dial provides special flexibility for miracle fabrics; also complete drying for storage and damp drying for ironing.

In most cases these De Luxe Twins can be flush installed. Both have the new Laundrofile that keeps operating instructions on the back panel within easy reach.

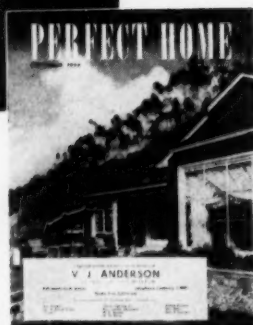
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WESTINGHOUSE ELECTRIC CORPORATION
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YOU CAN BE SURE...IF IT'S Westinghouse



V. J. Anderson has been engaged as a building contractor in Santa Ana for the past 32 years. He has built many small commercial structures and many homes throughout the County of Orange. He is past president of the Orange County Builders Association and has served for many years on the board of directors. Mr. Anderson is a 1914 graduate of Drake University in Des Moines, Iowa.



"Perfect Home is creating friendly public relations and goodwill for us,"

says V. J. Anderson, California homebuilder

PERFECT HOME Magazine is doing an excellent job for us in keeping our name before the public and in creating good will," says Contractor and Builder V. J. Anderson of Santa Ana California.

"We are pleased to have had the PERFECT HOME franchise for the past three years and intend to increase our circulation this year by 25 per cent.

"We get many calls from people wanting to be put on our mailing list which is an indication that a number of people are reading each copy mailed out.

"Our subcontractors renew with us each year as co-sponsors and we have a list of others waiting to go on as co-sponsors."

We, the publishers of PERFECT HOME Magazine, are pleased to pass on to you Mr. Anderson's enthusiasm . . . pleased because he represents one of the hundreds of top-flight real estate, home building, and home financing organizations the nation over which recognize the value of building goodwill, prestige and confidence among leading citizens in their communities. PERFECT HOME is like a personal call. Going into the homes of these key people as the sponsor's own publication, PERFECT HOME cultivates third party influence and becomes a community force for home ownership. It connotes quality, fair dealing, high ethics. It commands readership with skillfully written articles and sparkling photographs of the latest in home design, furnishing, and equipment.

Through the PERFECT HOME plan, the cost of sponsoring and co-sponsoring this program is nominal. Editorial preparation, art, and engraving costs are shared among its users throughout the United States and Canada. Local reproduction and mailing costs are spread among the selected, reliable building factors who are invited into the program and who gain in prestige and good will from its use.

A limited number of exclusive, annual, renewable franchises are available to established organizations with unusually high qualifications.

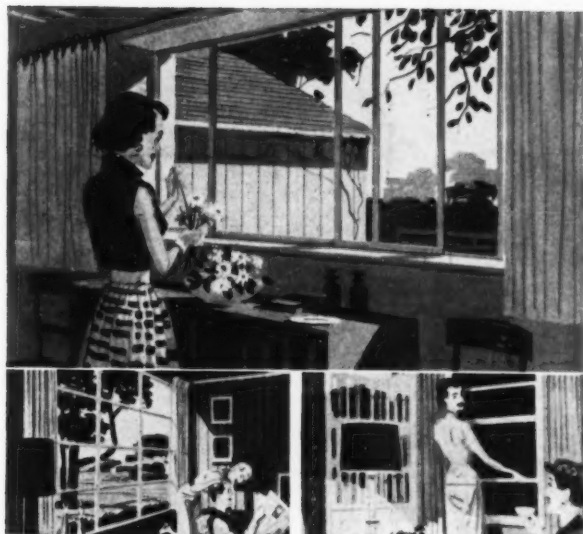
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... Look to **RUSCO!**



Fully Prefabricated, Ready-to-Install **RUSCO PRIME WINDOWS**

Rusco Prime Windows are complete, ready-to-install units made of hot-dipped galvanized tubular steel. They are pre-glazed, finish-painted with baked-on enamel and fully weatherstripped. Insulating sash (optional) gives exclusive MagicPanel® rainproof, draft-free ventilation. Rusco's Fiberglas screen will not rust, rot, corrode or stain—never needs painting. Sliding glass panels are removable *from inside* for safe, easy cleaning. Rusco Windows make big savings in installation time and cost. Available in horizontal slide and vertical slide models. Also in 3-panel and 4-panel "Fulvue" style for extra-large window areas.

Prime house door ... screen door ... ventilating window—all in one unit!

Rusco 3-in-1 Windo-Door inserts fit standard 1 $\frac{3}{8}$ " and 1 $\frac{3}{4}$ " wood doors. Give you a twin-slide operating window, complete with full Fiberglas screen panel, in a door, thus providing added window area in the room at minimum cost, plus added light and controlled ventilation. Ideal for kitchen, terrace, side door or porch. Properly used, Rusco Windo-Doors can effect big economies in construction and enable you to offer more house for the money.



Permanent Year 'Round Protection plus Wonderful Eye Appeal!

RUSCO All-Metal VENETIAN AWNINGS AND VENETIAN-TYPE DOOR CANOPIES

Metal door canopies and window awnings are among the fastest-growing and most wanted home equipment items on the market. Rusco Awnings and Canopies are sturdily constructed, beautifully finished in baked-on enamel and styled with horizontal lines that conform with good architectural design. Awnings give "see-through" visibility, free ventilation, controlled light.

For illustrated literature and name of your nearest Rusco dealer—phone, wire or write



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NATIONAL HOMES dealers holding Open House Showings this month will enjoy the tremendous support of crowd-pulling **full-color, full-page ads in:**

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COMPANION

Better Homes
and Gardens

GOOD
HOUSEKEEPING

"This is for Us!"

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Nationwide Showing September 11-12

Watch local newspaper for location of National "PACEMAKER" Open House nearest you!

* Surprisingly low down payment for non-veterans. Monthly payments approximately \$65.

This beautiful National "PACEMAKER" has many fine-home features, including:

- **LARGER KITCHEN**—the wish of every homemaker—with sink on outside wall under window.
- **ALCOVE-TUB BATHROOM**—generally found only in more expensive homes.
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OPTIONAL EQUIPMENT: Complete Air Conditioning, and Duomatic Washer and Dryer.

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Guaranteed by Good Housekeeping

Good Housekeeping University Seal, received on all National Homes prefabricated panels, and structure parts as they leave our assembly plant.

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Plus

a big company-paid newspaper ad campaign in each dealer's city . . . sparkling full-color brochures . . . other great sales helps. If you'd like to share the results of our next Open House Promotion, write at once.

Keep Them on the Run

IF YOU haven't experienced any abuses of advance listing fees in your area, you're fortunate. It means your state probably has not been victimized — yet — by unscrupulous agents of certain national business brokerage organizations.

Some states have had more than their share of cases — New Jersey and New York, for example. License law officials there have been investigating complaints for months, and in the past few weeks they began revoking licenses of offending firms and agents. Realty commissioners in other hard-hit states are gathering evidence, preparing to yank the rug from under the offenders.

JOURNAL editorials (May, June '54) focused burning-glass attention on the way these companies operate. Now that their activities have received national attention, guilty firms are rapidly attempting to take on a cloak of respectability. But abuses still go on.

In New York state, it is reported that one firm solicited 200 listings in the past two years, charged owners \$77,000 and yet has not sold one of the listings.

At this point it should be made clear that the charging of an advance fee for listing business property is not objectionable in itself, but it is a dastardly bit of misrepresentation to collect an advance fee, promise concerted sales effort and national advertising, then do practically nothing to effect a sale.

Another point that should be clarified is that most organizations selling business and investment property nationally are reputable. Neither the JOURNAL, realty commissioners, nor the industry's association has any quarrel with them. These firms should be commended for filling a need for this type of operation in the real estate industry and for basing their growth on performance and confidence. But, unless something is done, these firms will have to stand the gaff caused by the bad name unscrupulous agents have given national business brokerage.

What can reputable companies do? We ask them not only to make sure their own skirts are clean but to help clean house by reporting abuses to realty commissioners of the states involved or to JOURNAL editors. We ask all industry members to do the same. By a relentless, concerted effort we can all destroy this cancerous cell before the malignancy undermines public confidence in other segments of the real estate industry.

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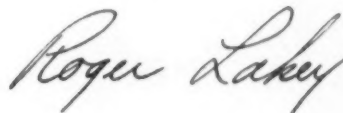
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How Will The

By **PETER STAMATS**
Associate Editor

**Like it or not, the new housing law
is here. And in spite of its
difficult birth, it's a pretty healthy
baby. How will it affect your every-
day business? Will it boost
new home construction, speed sales
of new homes? Industry leaders,
interviewed by JOURNAL editors,
supply answers which may
guide your planning.**

LIKE AN OVERDUE BABY, the nation's new housing law has finally arrived. Weeks ago, industry leaders fully expected a normal birth. But a bad case of housing scandals and a harsh remedy by over-cautious Senate doctors almost killed the infant. House leaders finally prescribed a better remedy and Congress delivered a healthy new housing law.

Now it's here, and it's being burped on the knees of industry leaders, contemplating the effects of this most sweeping revision of housing law in years.

How will it affect your business? Will it make used and new houses easier to sell? Will lenders go along with more liberal terms? Here are opinions of realtors, builders and mortgage bankers across the country.

Ronald J. Chinnock, NAREB president, says, "The new housing law will make home ownership possible for more American families and, in turn, maintain a high level of activity in the real estate market. But," says Chinnock, "my chief criticism of it is the inclusion of even a token continuation of the incentive-killing principle of government ownership and operation of family dwellings."

Alan E. Brockbank, outspoken past president of NAHB, says, "The Eisenhower Administration set out to write an entirely new law but they got tangled up in politics. With a firm desire to show what a poor job the Democratic Administration had done in housing they did everything they could to point the finger of shame, when, in fact, the most outstanding job done by the Democratic Administration was in housing. My opinion of the new housing law is that it isn't what it should have been and easily could have been."

Such answers echo the reactions of realtor-builders across the nation. Nearly all agree the new law is better than past legislation. The question is — how much better?

Asked more specifically about the new law's possible effect on their own business in the next six months, real estate executives answered optimistically.

From North Carolina Ed Mendenhall says, "We should have some additional building, and sales should increase about 10%."

Cincinnati Realtor Myers Y. Cooper says the greatest effect to be expected from this bill will be an increase in buying of houses selling for \$15,000 or less.

The new law will mean 50 new \$18,000 to \$20,000 homes for William J. Elliott, El Paso builder, in the next six months. And, Realtor-Builder Morris W. Turner of Tulsa says his brokerage department will probably sell 10% more used homes, his construction of new homes will increase 20%.

One builder says there are a great number of GI's who have used up their loan privileges and who need larger housing. They and other Americans should

New Housing Law Affect You?

be taken care of on a reasonable downpayment basis.

Others don't feel the bill will have much effect on their activities within the next six months. Carl Gellert, San Francisco builder, says home building in his area won't show a marked increase because of the new law. However, he does feel the bill will stimulate home purchases in the long run. Non-veteran buyers who have been required to make too high a downpayment in the past can now afford to buy.

Russel A. Pointer of Saginaw, Michigan, doesn't believe business will increase to any great extent in the next six months through provisions of the bill, but feels it has already had a psychological effect on stabilizing existing home prices.

Commenting on the commercial picture, George F. Oakes of Boston says, "The only stimulus which the new bill will provide for commercial real estate will be the reestablishment of the Federal National Mortgage Association which will be of great value to the secondary mortgage market. Of course, the building of a large number of development homes will ultimately lead to greater commercial development in those areas."

Will the new law boost the number of new house starts this year? Some builders say low downpayment buying has brought certain areas close to the saturation point already.

One New England realtor, enthusiastic about the new law, says it can mean a big increase in new house starts if only tract developers sell its features to the American public. He says, "The new law provides incentive for lender, builder and buyer. At last the government is providing proper incentives for Americans who want home ownership."

Many builders interviewed aren't so enthusiastic. They feel the increase can't be very great since the law will have been in effect for such a short time.

The clause requiring written warranties on new houses meets with objections from many builders, but they rebel only because they feel it's an unnecessary nuisance. Gellert says, "It will only increase the paper work for the already over-burdened home builder, thereby increasing the cost to the home buyer without accomplishing anything of value for him."

Brockbank makes this comment on the warranty clause — "The thing that bothers me about the warranty is that the Congress doesn't seem to realize that no two houses are precisely alike, and even though we sign a warranty that they are substantially in conformity with the plans and specifications, still that doesn't meet the requirements. What people wanted was someone to stand behind the house, not warrant that it was built to plans and specifications. The real problem in the warranty is that the purpose for which people wanted assurance hasn't been covered."

Is it necessary to require written warranties? Many builders have been giving them voluntarily for years. But, whether they give warranties or not,

Briefly—

What the New Law Does

- Provides easier down-payments and almost equalizes FHA terms for new and existing houses. (see charts page 24).
- Boosts mortgage ceilings on all one- to four-family dwellings.
- Allows owner-occupants FHA mortgages up to 95% of the first \$9,000 appraised value, 75% of value up to ceiling.
- Provides for 35,000 public housing units for one year, but only to rehouse families moved out by slum clearance and rehabilitation.
- Recharter Federal National Mortgage Association so that it will ultimately pass from government to private ownership.
- Creates a National Mortgage Credit Extension Committee to get funds into weak mortgage areas.
- Permits builders 85% of the mortgage terms available to owner-occupants.
- Requires builders to give a warranty on all FHA-VA insured one- to four-family homes.
- Gives the lender 90% insurance on each Title I repair loan rather than full insurance up to 10% of his portfolio.
- Limits those eligible to make Title I repair loans, cuts luxury use of such loans and puts a \$2,500 ceiling on multiple loans for one property.
- Authorizes FHA to insure open-end mortgages, making money for repairs available at the lower interest rate and repayable over the remaining life of the mortgage.
- Gives military personnel a maximum mortgage ceiling of 17,100 permitting 95% loans on houses up to \$18,000.
- Requires builders of rental housing to certify actual costs and lower their mortgages to the allowable percentage limit.
- Forbids FHA projects from taking in transients unless written approval from the FHA was previously given.
- Broadens Title I redevelopment of the Housing Act of 1949 to include slum prevention as well as slum clearance.
- Bars urban renewal grants to communities until HHFA approves plans for destroying existing slums and preventing new ones.
- Extends Title VIII (Wherry Act) military housing and Title IX defense housing for one year.
- Merges the Title I, Sec. 8 program with Title II.

Maximum Mortgage Table

NEW CONSTRUCTION.				
FHA Value	Maximum Mortgage	Loan-Value Ratio	Down Payment	Monthly Payment
\$ 6,000	\$ 5,700	95.0%	\$ 300	\$ 31.22
7,000	6,650	95.0	350	36.42
8,000	7,600	95.0	400	41.62
9,000	8,550	95.0	450	46.83
10,000	9,500	95.0	500	52.03
11,000	10,450	94.4	550	57.24
12,000	10,800	90.0	1,200	59.15
13,000	11,550	88.8	1,450	63.26
14,000	12,300	87.5	1,700	67.36
15,000	13,050	87.0	1,950	71.47
16,000	13,800	86.2	2,200	75.58
17,000	14,550	85.4	2,450	79.69
18,000	15,300	85.6	2,700	83.79
19,000	16,050	84.5	2,950	87.90
20,000	16,800	84.0	3,200	92.01
21,000	17,550	83.4	3,450	96.12
22,000	18,300	83.2	3,700	100.23
23,000	19,050	82.8	3,950	104.33
24,000	19,800	82.5	4,200	108.44
25,000	20,000	80.0	5,000	109.53
26,000	20,000	66.7	10,000	109.53
EXISTING CONSTRUCTION.				
FHA Value	Maximum Mortgage	Loan-Value Ratio	Down Payment	Monthly Payment
\$ 6,000	\$ 5,400	90.0%	\$ 600	\$ 29.58
7,000	6,300	90.0	700	34.50
8,000	7,200	90.0	800	39.43
9,000	8,100	90.0	900	44.36
10,000	8,550	88.5	1,150	48.47
11,000	9,600	87.3	1,400	52.57
12,000	10,350	86.2	1,650	56.68
13,000	11,100	85.4	1,900	60.79
14,000	11,850	84.6	2,150	64.90
15,000	12,600	84.0	2,400	69.00
16,000	13,350	83.4	2,650	73.11
17,000	14,100	82.9	2,900	77.22
18,000	14,850	82.5	3,150	81.33
19,000	15,600	82.1	3,400	85.43
20,000	16,350	81.7	3,650	89.54
21,000	17,100	81.4	3,900	93.65
22,000	17,850	81.1	4,150	97.76
23,000	18,600	80.9	4,400	101.86
24,000	19,350	80.6	4,650	105.97
25,000	20,000	80.0	5,000	109.53
26,000	20,000	66.7	10,000	109.53

This shows FHA valuation compared to the maximum mortgage amounts obtainable by the owner-occupant buying a new or existing two-bedroom one- or two-family dwelling. Also shown are the loan-value ratio, down payment and monthly payments. These are based on a 30-year amortization plan; they include payments on the principal, interest at 4½%.

good builders realize they have an obligation to the home buyer. They know their reputations as builders are worth more to the home buyer than any scrap of paper.

Realtors were asked, "How do you believe the new law will effect sales of existing houses?"

Pessimistic realtors feel the law will make used homes less desirable due to new home promotions. They feel the bill is designed to aid building new homes more than selling existing ones.

Optimists like Robert B. Collins, Tulsa realtor, says that equity money has been hard to find, but now the new law will put more buyers for old homes

in the market because of the smaller downpayments required.

Cooper says, "Real estate men of the country have been working hard for a sound home mortgage credit program that will provide a secondary market. After more than 30 years, their dream has been realized. Here again there is an educational job to be done among people of moderate means who want to own their own homes."

R. E. Waggoman of Albuquerque echoes the opinion of about 20% of the respondents when he says, "Whether the new law will boost used house sales depends on FHA valuation of used houses. Owners are now asking more for old houses than new ones. I doubt if the FHA valuations will be high enough to obtain 90% loans on asking price."

Do real estate executives feel the anti-mortgaging out and cost certification restrictions will curtail new rental housing construction?

Says Gellert, "We believe this feature of the new law will stop all construction of rental housing under FHA in this area." And many realtors and builders interviewed agree.

Brockbank feels the bill is very unfortunate on this question. He says under the previous act it was almost impossible for anyone to build a 207 rental housing project because the law was so restrictive. Now, he believes anyone who owns his own lumber yard, real estate office or anything that goes into the house will find it impossible to sign the certification.

Leslie Markovitch, Milwaukee realtor-builder, reflects the majority opinion — "Rents are getting lower — and rental housing will certainly slow down, but we can't blame the new law."

How do realtor-builders think the rechartered Federal National Mortgage Association will affect the supply of mortgage money in their areas?

Nearly 60% of the respondents say their areas already have an ample supply of mortgage money, but they feel FNMA will help in times of shortage. Others say its too early to tell.

Oakes says, "I think one of the key features of the rechartered FNMA is the provision to channel FHA and VA money into remote areas and small communities. This is an area of financing which left much to be desired under former government programs. The development of small communities and remote areas is a phase of the nation's growth which I believe to be of the greatest importance. Expanding population and the vast new network of highways makes such assistance to small remote communities one of the key benefits of the new law."

How much of a stimulant to urban rehabilitation and slum clearance do builders think the new law will be?

More than 80% of those questioned say the law will have little or no impact on the slum clearance and rehabilitation problem.

Says Gellert, "The law will have little effect on urban rehabilitation and slum clearance because of the restrictive measures placed in the law, particularly the anti-mortgaging out and cost certification feature. Builders contemplating rental unit construction under these laws would be fearful of inadvertent violations and wouldn't take the risks."

Brockbank thinks the law should do some good the way it was written and will point the way for future legislation. But, he says, "I think the Congress made a serious mistake in not doing a real job of rehabilitation."

"EVERYBODY is ignorant," said Will Rogers, "only on different subjects." Every real estate salesman has blind spots — costly blind spots — in his knowledge of today's changing real estate picture, unless you do something about it.

You can do something about it. You can build a more productive sales force, develop a finer spirit of team cooperation, and earn a collective reputation for knowing your business, which in turn leads to more listings and more sales.

The secret is a sizzling, dynamic, educational, hilarious, everyman-a-participant weekly sales meeting. It takes planning and follow-through. But the dividends are worth it.

We visited one such meeting recently, and a study of how it got that way is revealing.

The Keyes Company in Miami employs 70 salesmen in its five offices. Sales meetings for a group that large could easily become mere lecture periods, or could gravitate into a rehash of the knowledge and exploits of the veterans on the force. But sparked by Walter Etling, sales promotion manager, and Arthur Boazman, sales manager, the Keyes sales sessions are made a cornerstone of staff training and esprit de corps.

The first rule at the Keyes discussion periods is "audience participation." At least half of the hour-long meeting is devoted to a free, give-and-take discussion with everyone having a chance to say something. Usually the established theme of the meeting provides the subject matter. The chairman asks, "How would you answer this problem?" or "What would you do under these circumstances?" He asks for volunteers, or calls on individuals, depending on which keeps the ball rolling best. In all of it, the "how-to" principle is stressed.

The second rule is variety. The formal part of the meeting may include an illustrated lecture, or a movie, or a tape recording, or a panel discussion. The subjects embrace the gamut of what a good real estate salesman ought to know, how to get listings, where to get prospects, architecture, financing, insurance, a sale I made, a sale I didn't make, telephone courtesy, how to write classified ads, how to show property, deposit receipt clinchers, appraising property. In actual practice, the discussion leader or the sales manager uses a black board frequently.



How to make sales meetings build business

By RALPH H. CLEMENTS,
Editorial Director

The third rule is "personal recognition of producers." Awards are given to the leading salesman of the week, and the leaders in various sales contests are given recognition. Once a month the members of the \$50,000-A-MONTH Club are honored.

Always there is ample time taken for an "economic roundup." National, local and company business progress is discussed. Articles from various news letter services, and business magazines, such as NATIONAL REAL ESTATE AND BUILDING JOURNAL are reviewed—with comments from the floor—so that the Keyes salesman is well informed on business trends.

The fifth rule is to "leave 'em laughing." The program ends, like a good vaudeville act, on a strong punch line. Each week a \$5 bill is awarded to someone in the room for some exceptional thing he does. For example, when we attended the meeting, the money was given to anyone who could name every man in the room. The week before, when selling the Keyes "SSS" listings was

discussed, a bell was placed behind one of the listings on the sales rack on the wall. As part of the program, several salesmen were asked to pick up an SSS listing from the rack. One of them picked the one with the bell attached, and set it ringing. This impressed on the salesmen that "you can't help but make money when you pick up an SSS listing."

Lastly, the Keyes company doesn't depend on salesmen's memories for lasting impressions. Mr. Etling follows through with a mimeographed synopsis of each meeting, that gives the real meat of the program. "We have found that the men as a rule won't take notes. And they need to be refreshed-in-writing on what transpired. So our follow-ups help to impress them, and also serve to tell the absent ones what they missed. We consider these sales meetings, with attendant promotional material, an integral and important factor in our twenty-nine million dollar a year volume of business."

Modernize Your Way to Extra Profits

By **JEROME P. BISSCHOP**
Smith-Bisschop & Company
Detroit, Michigan

It isn't just by accident that tremendous profits, far more than from new construction, are often realized in modernization of run-down properties. There are definite steps you must take in deciding if an income property can be profitably rehabilitated or modernized. Here are examples of how those steps were used on four profit-making projects in Detroit.

WHAT'S the difference between rehabilitation and modernization? We generally speak of them in twin terms because they're both essential in restoring valuable property to its highest producing income. But, they are different.

Let us treat rehabilitation first — Here's a practical example:

The McKerchey Building was taken over by our company for management in May of 1942. A complete analysis at the request of the owner, who had built it twenty-seven years prior, showed the building to be fireproof. The footings, foundations, walls and the roof were in better-than-average condition, and for all practical purposes were almost as good as new.

The analysis further revealed that the building was in a good location — not right in the loop area of Detroit, but just outside, within ten minutes walking distance from the County Building or City Hall.

The parking situation was good. Land adjacent to the building hadn't been used for parking, but could be made into a parking lot for approximately forty cars. And it was possible to purchase another 40-car lot close by for a reasonable price.

Our analysis also showed that the layouts of the old style offices were terrible. In fact, it was necessary to vacate every tenant except those on the ground floor, one on the sixth floor, and one on the third floor.

Old partitions were taken down and the layouts of the floors were re-made using modern partitions, flush doors, and asphalt tile floors. It was necessary to put sub-ceilings in the building with soundproof materials. Many of the insides of the outside walls had to be replastered. All of the windows had to be weatherstripped, new modern passenger elevators were installed, including one new freight elevator, which facilitated the handling of the freight from the loading dock through the basement rather than through the lobby.

The exterior of the building was completely steam cleaned, caulked and painted. A new roof was installed. All toilets were rehabilitated, that is to say, no new fixtures were put in. The old fixtures were all right and could be used in this case because the stalls were of marble, including a portion of the side walls. The marble had been sadly neglected but it polished out and now looks like new.

This program cost approximately \$50,000. Keep in mind, it is only a six story building.

Under the previous owner's operation, this building had never netted over \$35,000 per year. Over the last ten

years, the building has netted between \$65,000 and \$70,000 per year.

Further, the building was sold for \$450,000, and after rehabilitation was resold for \$565,000. It's obvious that, had the previous owner known how to manage his building, he could have enjoyed the extra \$30,000 to \$35,000 annually in net income and would have made an extra \$115,000 on the sale of the building.

You might say — "Well, why didn't he?" The answer is — "He didn't believe it could be done."

Unfortunately, too much valuable property is mismanaged.

The above illustration is of rehabilitation, restoring, or in other words, "reviving."

Now, here's an example of modernization.

Take the Charlevoix Building as an example.

An analysis of this building showed about the same facts as those contained in the illustration above, except for that it was actually in the downtown area, close to everything. Parking facilities were available.

The four-step analysis further showed that the building needed modernization and rehabilitation.

The modernization consisted of putting entirely new modern fronts on the stores on the ground floors, which resulted in increased income to a marked degree.

It was also necessary to install a new freight elevator so that again freight was not channelled through the lobby. One cannot conceive how a building could be operated all these years with freight being handled through the lobby, yet it was.

It was necessary to completely rebuild all the toilet rooms with modern stalls, toilet seats, new sub-ceilings, side walls and asphalt tile floors.

All the hallways were completely redecorated, the windows, doors and floors were modernized with asphalt tile.

This illustrates the difference between rehabilitation and modernization. Modernization means that you replace certain parts of the present structure with absolutely new modern equipment.

Here's an apartment building illustration.

Let us take an apartment building located on Park Avenue. The building is 57 years old. The previous owner, who sold the property, had owned the building for many years. His net income from the building, after operating expenses, was less than \$3,000 a year.

We tried to get him to rehabilitate because the building contained 8-seven room apartments. A careful analysis showed that these apartments could be cut up into 8-three room units and 8-two room units with two sleeping rooms.

After the installation of proper plumbing facilities, complete redecoration and furnishing, we cleaned, caulked and painted the exterior. A new roof was installed. The hallways were, of course, modernized as were all of the apartments. That is, the position of many of the partitions were changed, new stairs were installed, all floors were sanded and refinished at a total cost to the new purchaser of \$15,636.

The new gross income of the property was \$19,200. The new property expenses totalled \$8,340, including management, leaving a net profit of \$10,860, or over 362% more net profit than the previous owner had ever realized on this property.

Then there is the case of a single home located at 2617 Vermont Avenue, purchased by our Company on October 27, 1945. The purchase price of the house was \$1,000. The rehabilitation cost, \$2,100.

This house was over fifty years old, having no electrical wiring, stove heat, no bath room, no gas, outside toilet, and had been condemned by the City of Detroit.

We felt that we should use just such a ridiculous situa-

Follow these four steps in determining the modernization possibilities of your income properties —

1) Determine what type of people the location is best suited to serve. Many buildings are built and misused for years before they are finally put to their highest income-producing use.

2) Examine the building's construction, its layout, its footings, its foundation, its walls. Is it in good enough shape for rehabilitation?

3) Decide whether or not the present floor layouts are rearrangeable. Keep in mind that air conditioning, as well as the location of plumbing outlets and toilet facilities are important factors. Also examine the heating plant, the electric wiring and the plumbing.

4) Estimate how much it will cost to rehabilitate the building and decide what new revenue must be obtained to warrant going ahead.

tion as an example, to prove the value of rehabilitation. This rehabilitation was in conjunction with the Management Division of the Detroit Real Estate Board.

All of the old shrubbery was removed, the outside toilet shed, and fences were torn down. The siding on the house, which is frame, was in good condition, but needed repainting. A new roof was installed, new front and rear porches were built. A new Coleman automatic gas heater was installed, and also a new bathroom. The kitchen was completely modernized. Asphalt tile floors were put in the bathroom and linoleum floor in the kitchen. A sub-floor was put in the living room, dining room and two bedrooms. The interior was completely redecorated.

The exterior was landscaped with new lawn and shrubbery.

This job cost \$2,100. The house was then resold immediately for \$3,600, making a \$500 profit.

Such illustrations from office buildings to single houses definitely show that millions of dollars are thrown away because some owners don't realize the value of their properties.

This is not to say that all property owners come under this category, but the majority do. They seem to feel that as long as times are good, property management isn't a factor, and vice-versa. They fail to realize that property management is necessary in good times so that the property may bring in its highest income. In times of prosperity one can be extremely choosy about selection of tenants, particularly for office buildings and commercial properties, thus selecting only firms whose background, reputation and financial status makes them secure tenants in bad times.



Sell Location Too!

Selling the location as well as the home means double-barreled impact to the alert realtor and builder. At least that's what this Seattle builder finds, and he's selling them faster than his crews can build. Here's an outline of his promotion campaign.

FIFTY YEARS AGO the Fauntleroy section west of Seattle could be reached only by ferry and wagon trail. It was a favorite summer home community for a group of Seattle business leaders. Now A. C. Webb & Company, Inc. is building a community of some 250 homes on a 60-acre tract in this section which is called Fauntleroy Hills, and they're selling the location as well as the homes.

"Fauntleroy Hills . . . The Quality Address" is the slogan that keynotes the promotional campaign to sell the \$17,500 to \$22,500 brick homes. And the homes are selling faster than they can be built. At one time, they even advertised that open houses would be cancelled for a month to give their crews time to catch up on building. To date, they've finished 100 three-bedroom homes.

Here's the type of advertising campaign which has proven successful:

1) Direct mail — A four-page two-color brochure was prepared illustrating the community, the view, pictures outside and inside a home and a map of the community and its relative convenience to downtown and to a

Today's OPEN HOUSE in *Fauntleroy Hills*

"SEATTLE'S NEW QUALITY ADDRESS"

YOU CAN BUY THE 1400 sq. ft. 3-bedroom brick VIEW home with full basement and two-car garage in exclusive FAUNTLEEROY HILLS for \$19,500. This price includes city taxes, water, concrete, drapery, curbs and side walks.

Open House

From 10 noon to dark
Sundays, 10 A.M. to 6 PM weekdays.

One of the Northwest's Finest Residential Communities

• Yantis Realty •
EXCLUSIVE AGENTS

A. C. Webb & Co., Builders and Developers • W. Burke and 41st Ave. S. W. • Phone 800-2090 or AVenue 7700

DIRECTIONS

From Seattle to 1400 Ave. S. W., turn right on 41st Ave. and drive 1000 ft. to the house.

large Boeing Airplane plant. Two thousand of the brochures were sent to Boeing executives and the remaining two thousand were given to open house visitors. Apparently, the mailing piece pulled well for now over one-half the Fauntlee Hills residents are Boeing employees.

2) Community weekly newspaper — *The West Seattle Herald* carried a 5-column, 17-inch pictorial ad showing homes inside and out along with an invitation to visit Sunday open houses. Additional two by five ads appear on the front page consistently stressing open-house hours and the quality-price comparison of value. The Herald printed three personality interviews with three-column pictures which were prepared by the agency. They were news stories about families of note who had moved into Fauntlee Hills homes, and in interviews told where they were from, how many were in the family, and

what their hobbies were. The picture shows the family group around the fireplace or at the picture window, happy in their new home in Fauntlee Hills.

3) Sunday supplement of daily paper — The *Seattle Times* supplement section was used mainly to invite visitors to open house. Again, pictures in the ads showed exteriors and floor plans of the all-brick homes. A map showed how to drive to Fauntlee Hills from downtown. The Homes Editor described the homes in her Sunday columns.

4) Billboards — Lighted, 24-sheet four-color billboards saying simply "Visit Fauntlee Hills . . . Seattle's Newest Quality Address" were and are still rotated at five major arterials each month.

5) Television — For one month television spots were purchased every Friday night using five different pictures of Fauntlee Hills. At least one house was sold directly from that campaign. It paid for

the cost of the spots. Recently, the main concrete supplier has been running a plug for Fauntlee Hills and footing the bill. The television spots picture cement trucks delivering to construction projects there.

Most of this advertising stressed Sunday open houses. It is their most successful method of selling homes. On an average Sunday 750 persons inspect the homes. On busy Sundays over 1,500 are ushered through.

Other location selling features: Just a block from Fauntlee Hills is a new \$350,000 community church and Y center and a modern grade school. About four miles away, David T. Denny junior high school opened its doors to new students just two years ago.

A stone's throw down the hill is 130-acre Lincoln Park with its native Douglas Fir trees and magnolias. The Northwest's largest swimming pool embraces the water's edge.

Wall Charts Help

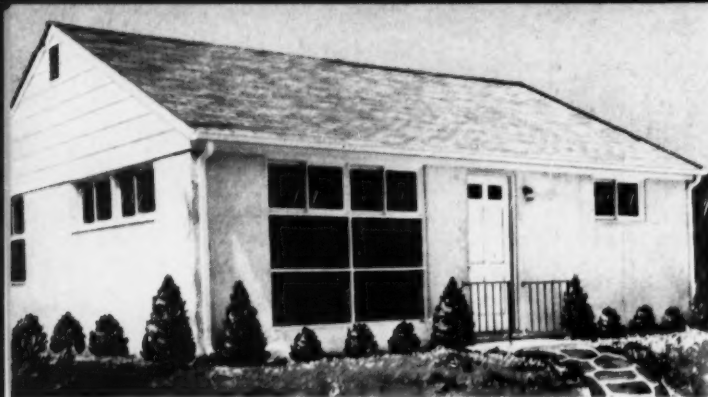
Control Resales

WHEN AN ORGANIZATION has 26 salesmen, sells hundreds of tract homes each year and maintains a brokerage operation, a listing control system is essential. Walker and Lee, Inc., Long Beach realtors who have nearly 5,000 new homes currently in process, found a solution. They set up five wall charts, each of which has space for listing 21 properties. Each chart, for greater convenience, lists only those properties from a certain geographic area.

According to general sales manager Frank R. Hart, the system has proved very effective for the control of resale activities. House keys are always available in their designated spot in the first column of the two charts. If a salesman is showing a house, the telephone operator or other salesman can ascertain that fact immediately by glancing at the wall.

Other columns provide for recording the owner's name, address, which salesman got the listing, date received and remarks. Thus, the most pertinent information is instantly available without reference to other records.





Homes Our Readers/ Are Building

• IN MARYLAND

Baltimore builder slashes costs with new mix for poured walls

SEARCHING FOR WAYS to shear construction costs on low-priced houses, Builder Carroll C. Martin invented a concrete mix which makes poured walls practical. He is developing 75 homes near Baltimore which have poured monolithic exterior walls using his new process.

Martin's admix, called M-52, solves the age-old problems of condensation, leakage and heat loss, according to a consulting engineering firm which tested an actual house. The company reports the six-inch wall is equal in insulation value to about four inches of brick, four inches of block, $\frac{3}{4}$ inches of furring, $\frac{1}{2}$ inches of rigid insulation (not plaster board), and $\frac{1}{2}$ inches of plaster. And it claims moisture will not penetrate the wall during high wind and rain or when vapor pressures differ from inside to outside.

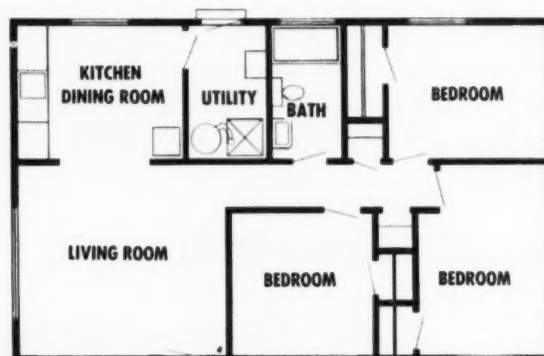
Martin claims other advantages: Takes less man-hours to erect, has year-round insulation and is sound-, water-, fire- and vermin-proof. M-52 concrete is one-third lighter than, yet as strong as ordinary concrete and requires no gravel. The poured walls have no air pockets or space. Trim and woodwork can be nailed directly to walls, and multicolor paints and stuccos adhere readily. No stockpiling of materials is required on the job.

Sales are going well, Martin says. VA has approved M-52 houses for GI financing throughout the nation. Baltimore selling prices are about \$8,700, \$9,800 and \$11,750 for two-, three- and four-bedroom models. The model illustrated here has about 900 square feet of space.

Main features include slab construction, perimeter

heating using Sono-Aire ducts and a counterflow furnace, American-Standard plumbing fixtures, asphalt tile floors, attic storage, beamed ceiling, abundant wall and closet space, kitchen exhaust fan, plastic tile bathroom walls.

After completing present projects, Martin plans to spend full time "farming out" his process to other builders on a fee basis. Carroll Sales Corporation, headed by R. B. Dial of Temple Realty, Inc., has been organized to set up regional agencies for M-52 houses in various parts of the country. Martin will train builders and their key construction men in the new process and help them get financing.



• IN TEXAS

Dallas builder offers fully air conditioned homes for \$12,950



IN PLYMOUTH PARK on the outskirts of Dallas, Builder Carr P. Collins has completed 500 homes equipped with Carrier Weathermaker air conditioning.

Three different models feature three bedrooms, a 13-by 29-foot living-dining area and two baths. Kitchens are knotty pine and include a breakfast nook in a 10-by-14-foot area.

The lot is 65 by 120 feet. The carport has a storage wall at the end for garden supplies and family extras.

Cooling and dehumidification in the summer and heating in the winter are provided by the Carrier Weathermaker air conditioning system which also filters all

BRICK HOMES WITH CONTEMPORARY styling are being built and sold with "do-it-yourself" promotion in Faywood, a subdivision developed by the Arcose Company, Cincinnati realtor-builders.

The three-bedroom homes have a modest 936 square feet of floor space, but are architecturally designed for open-living and have a full basement.

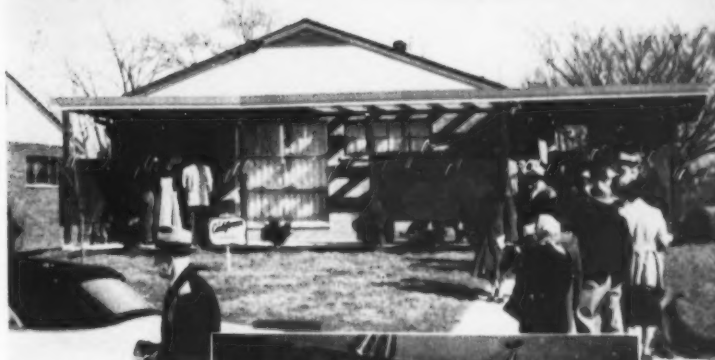
Combed wood paneling separates the living-dining area from the kitchen which is on one side of the house for easy access to the car-porch. A Modernfold door separates one bedroom from the living room so it may be used as extra living room area, a den or a bedroom. The homes sell for from \$16,500 to \$16,900.

Promotion was underway two weeks prior to the formal opening when one of three major daily papers ran an exclusive story about Faywood. The week following, an eight-page supplement was run in another local paper showing details of the subdivision, including floor plans, front elevations, financing terms, brand names of products featured such as — complete General Electric kitchen and the Minneapolis-Honeywell Moduflow heat control, and human interest items about people in the company.

One of two model homes was completely furnished, while the other was used as a sales office where all financing and down-payment charts were set up along with a subdivision plat map. Suppliers had various booths displaying samples of their products and materials, and a three-minute movie was continuously shown pointing out the advantages of Faywood homes' Minneapolis-Honeywell Electronic Moduflow heat control.

Hostesses throughout the furnished home passed out Arcose Company literature and answered questions about designs, financing and terms.

Throughout the entire program, the "do-it-yourself" theme was used. This was especially featured in the basement of the furnished model which was devoted to showing the many projects Mr. and Mrs. Home Buyer might undertake to get even more livability from their Faywood home. The basement was divided into a recreation area, a dark room, a home work shop with popular power tools on hand, an automatic laundry, and a giant display panel showing the national recognition given Arcose in planning, building and merchandising low-priced homes. In less than two weeks all the homes in Faywood were under contract.



• IN OHIO

"Do-It-Yourself" theme sells this realtor's homes



air coming into the house. The Carrier unit is located in a small closet in the living room of some models and in a small hallway of others. Homes were designed for air conditioning and for this reason many extra corners and jags demanded when coping with cross ventilation have been eliminated.

In the kitchen a solid copper "Vent-a-Hood" helps remove cooking odors. Cork floors are placed in all activity areas with quarry tile at entrances. The rest of the house has a base flooring of asphalt tile. A carpeted floor is furnished in the master bedroom.

Lighting in all rooms is indirect. Connections for automatic washing machines and the high

voltage lines for electric cooking are installed. Plumbing is copper throughout. Bathrooms are tiled. A 40-gallon water heater is provided.

Another interesting feature is an outside play area for the entire family. Each house has its own covered flagstone patio just outside the large glass-windowed side of the house.

The Carrier Corporation, which has sponsored nearly 100 such developments in different sections of the country, helps train the real estate salesmen in using the air conditioning as a sales feature. They also send teams of promotion and public relations people to work out all the details.



Make Mortgage Contracts More

Do more flexible mortgage contracts mean an abandonment of amortized home mortgage lending? Absolutely not, says the author. He believes mortgages should keep tune with the times, offer families the best possible service. To do it, he advocates the package and open-end mortgage, prepayment privileges, a declining interest rate in the contract, and a loan modification agreement. Here are his reasons for wanting to modernize mortgage contracts.

By HORACE RUSSELL, *General Counsel*

United States Savings and Loan League

A FLEXIBLE mortgage contract properly administered can provide the average family with better service and better service is our job. And experience has shown that such contracts can be provided without undue risk or expense to the mortgagee.

I think no one will disagree that the young family is better served which gets long term home financing for all family needs under a flexible mortgage contract than by a closed-end inflexible mortgage on the naked house and lot. This eliminates the need to finance appliances, equipment and other facilities short term at 10% or 12%, and borrowing money for repairs, improvement and emergencies short term at 10% or 12% or 42% or incurring the delay and expense of refinancing the home mortgage debt.

Some have suggested that such a suggested program is an abandonment of amortized home mortgage lending. It is not. It works out this way. The reliable young family buys suitable home property and obtains such mortgage financing up to the amount needed or the maximum amount obtainable under a flexible contract on an amortized basis. If he pays promptly he establishes good credit and amortization results. In his case, if he has other credit needs, such as for a garage, driveway, landscaping, and another room or two or other improvements to the real estate, he obtains such funds at mortgage rates and terms and on an amortized basis. Furthermore, if the furnace blows up or the baby dies, or the family needs a

new automobile, and he needs credit and is prepaid on his mortgage contract or without being prepaid has ample security, he obtains the credit on mortgage terms and at mortgage rates, and it is amortized. Such families, as we all know, do amortize and do get out of debt and generally before the ultimate maturity of the original mortgage indebtedness.

All of this is possible under a proper flexible mortgage contract properly administered. There isn't any doubt about the wisdom of it for such family and for the lending institution. It ties the best type of customers to the lending institution for all such credit needs and is good business. It can be done without any undue risk or expense. Of course, he can obtain the same credit *on mortgage* by refinancing, but the trouble is that by such course he is not properly and fully served and is forced to incur the inordinate expense and delays of refinancing, and generally the mortgagee loses the business after it has become seasoned. If he is forced to refinance to get such mortgage credit from time to time, he is less likely to get out of debt.

Not the least advantage to this system is that the deadbeats who by mistake get on the books of the mortgagee do not get such accommodation and are driven off the books and into the hands of other mortgagees who rely on the security only and who do not provide a flexible mortgage contract.

The first and principal reason for advocating such a system is to provide

American families with what they need. It has been sufficiently demonstrated that if properly done they very greatly appreciate the accommodation and service. Thrift and home ownership are promoted upon a constructive basis. Such customers are the greatest asset a lender can have.

In advocating such a program, I repeat again that the objective of the mortgagee should be to render such service and for itself to get institutional goodwill. Such is accomplished by the most careful review of the entire mortgage contract and the adoption of *all* of the provisions which enable the mortgagee to provide such service. In addition, if the mortgagee is to realize full value of the program, then every director, officer and employee of the mortgagee should fully and completely understand the program. It should be administered promptly and fully and at a minimum of expense.

The public is beginning to want and to demand such home financing. It is a fraud on the public to represent that such is provided and then not to provide it. It is not wise for mortgagees to practice such a fraud. They ought to admit that they make an inflexible, closed-end mortgage contract and enforce it, or they ought to provide a bona fide flexible mortgage contract and administer it accordingly. There is not much room for any middle ground. Any pretense of the rendition of such service is likely to do harm rather than good when the customers find that such service is not rendered.

The United States Savings and Loan League published a comprehensive study of such a contract which answers substantially all of the legal questions and some of the economic questions. We advised against legislation on the subject unless it is necessary. It is not necessary in the majority rule states and, in my opinion, it is not necessary in those states which have not clearly passed on the subject. Legislation would be helpful in Illinois, Michigan, Ohio and Pennsylvania, but it is helpful only to avoid a short search to title.

We suggested a form of a draft of legislation if legislation is to be undertaken on this subject, and we urge consideration of it. It is strange that in about a dozen states which have legislation on this subject the legislation resulted in restriction rather than an enlargement of power to act.

Flexible

The draft referred to is made with consideration of all such legislation and is believed to be appropriate to accomplish the objective, if enacted in any state. It also provides an answer to two objections to such legislation which frequently arise. One is it provides a simple and easy means to close the open-end provision if the owner sells or if for any reason wants to be the simple recording of a document for such purpose. It provides an appropriate means to close the open-end for the protection of any junior claimant.

The Package Mortgage

The package mortgage is intended to mean a mortgage on real estate, including all improvements and facilities used with the real estate. As a matter of law, real estate is land and what is used with land as a part of the real estate. What is made a part of the real estate is determined from the intention of the owner with respect to the use of anything in connection with it. A rail fence laid on the ground is a part of the real estate because the owner intends it to be and for no other reason. Blinds and storm windows and screens and refrigerators and stoves and laundry equipment and the like if installed by an owner, are generally presumed to be intended to be a part of the real estate, but if installed by a tenant may be presumed to be retained as chattels.

In taking a package mortgage, the mortgage should express the intention of the owner in writing to make such facilities a part of the real estate and to mortgage them as a part of it. I prefer general language because it will cover the refrigerator to be installed upon completion and it will cover other such facilities placed in the real estate by the owner later for replacement and otherwise.

If specific description of such items as a part of the real estate is included in the mortgage, it ought to be made clear that such items are in addition to the general description of the coverage of the mortgage. If the mortgagee is fearful, he may express the intention to make the item a part of the real estate. Banks and railroads do this in the case of several billion dollars worth of rail equipment securities. Plates or stickers are placed on the items in question giving notice "This appliance or equipment has been installed here by the owner as a part of this real estate and is included in any mortgage or con-

veyance of it," and signed by the mortgagee and, if desired by the owner.

If you are still fearful, or some lawyer or other person suggests that only what is attached to the real estate is a part of the real estate, then you may further express the intention to make such items a part of the real estate by nailing a piece of sheet metal to the house and to the appliance or equipment so that nails have to be pulled out to separate it from the real estate. Some objection has been raised to the package mortgage on the ground that appliances and equipment wear out too quickly. This is equally true of paint, too many roofs and some other parts of the house. Long experience indicates that good customers properly financed will maintain and keep up their property better under a package mortgage than they will otherwise.

The Open-End Mortgage

In England and America, country banks, supply merchants and others from the beginning of our law took deeds to property which were given in fact to secure debts. All of the courts, without exception, held such deeds to be open-end mortgages. The real owner could not go to equity or elsewhere and cancel the deed until he did equity by paying all indebtedness and performing all obligations for which the deed was given.

I think even all the lawyers will agree with me on this proposition. If the mortgagee's attorney will not agree to an open-end mortgage, I think he will agree that you may take a warranty deed to the property to secure the debt, and it will serve as an open-end mortgage.

Many banks, supply merchants and others for a long time took mortgages to secure "One dollar and advances" and such mortgages have been uniformly sustained. I prefer, however, to have a clear mortgage contract. The "to secure" clause should describe the indebtedness originally secured and clearly state that the mortgage secures additional advances up to a specified amount. This amount should be filled in when the mortgage is drawn to provide for additional advances up to the maximum amount that the mortgagee would probably be willing to loan, including any probable improvements in the real estate security.

Such an open-end mortgage is good in every state of the union between the parties. In Illinois, Michigan, Ohio and Pennsylvania we have to ascertain that there is no intervening lien at the time the additional advance is made, but nowhere is it necessary to record anything additional or to do anything else.

The mortgage account ought to be a single account. When additional ad-

vances are made, the amount should be added to the account and interest is added to the account from time to time. Payments are credited to the account. The additional advance agreement should be any form identifying the indebtedness and restating the amount of it, including the original advance and providing a blank space to be filled in for future monthly payments and a blank space to be filled in to provide for the future rate of interest. This provides a new account stated in administering the account and in foreclosure, if necessary.

It can be important to have such a convenient method to adjust monthly payments and interest rate.

If the family has borrowed \$10,000 originally and paid it down to \$3,000 and he comes in for a \$1,000 advance to send his daughter to college, it may occur to a smart mortgagee that it would be a great accommodation to reduce the fixed \$80 monthly payment to \$40 per month on the \$4,000 indebtedness and especially in view of the fact that if she is going to one of the fancy colleges of the country he may have to send about \$200 a month more throughout her college career.

The open-end advance provision ought to be administered so that a bad credit risk can't get any more credit. It ought to be administered, however, so that a good credit risk with adequate security could get accommodation within about sixty seconds at the desk and without any expense or any trouble except signing one piece of paper and the lender signing one check.

If the open-end provision is administered in this manner, it will tend substantially to drive some bad credit risks off the books, to keep some good seasoned loans on the books which otherwise would refinance elsewhere, to keep mortgage funds safely invested, and be the greatest possible accommodation to borrowers and therefore the greatest possible good will builder for the lending institution.

Prepayment Privileges

To the surprise of many of us, appropriate prepayment privileges have proved to be one of the best selling points of a flexible mortgage contract if they include appropriate grace. We recommend that the Note provide:

"In the event of any prepayment, this note shall not be treated as in default at any time so long as the unpaid balance of principal, additional advances under this note or the instrument securing the same, and interest (and in such case accruing interest from month to month shall be treated as unpaid principal) is less than the amount that said indebtedness

would have been had the monthly payments been made as first specified above; provided that monthly payments shall be continued in the event of any credit of any proceeds of insurance or condemnation."

If such a provision is used and explained carefully to all applicants for loans and to the family when the loan is closed and in writing by letter after the loan is closed, along with other provisions of the contract, experience has indicated that this is highly appreciated. With such a provision a surprising number of families will prepay so that if family income stops for six months or a year the mortgage cannot be foreclosed.

Few lenders realize how fearful the average family is of signing so large a debt and agreeing to pay so large a sum every month for 180 months or 240 months. They know that no American family lives so long so smoothly. To have a high percentage of the loans in the portfolio prepaid substantially is a great protection to the mortgagee as well as to its customers. This provision not only removes much of the fear of home owners but it encourages them to be thrifty and they delight in telling their kinfolks and neighbors and friends

about what a good mortgage contract they have and that they are paid in advance. This is good for the mortgagee. Furthermore, this is treating this customer no better than the one who pays according to contract. It is no more than the mortgagee would do without the provision. But the provision in the contract substantially allays the fears of mortgagors and encourages them to be thrifty and they very, very greatly appreciate it.

Prepayments in any amount at any time should be allowed and interest ought to be charged on the unpaid balance. It is fair, right, and proper that if the indebtedness is refinanced, advance interest should be charged to cover the cost of reinvesting the money.

Such contracts may very properly provide that in all cases where the loan is paid according to contract, the borrower may have a reasonable grace period, such as ninety days, after regular payments of three years or more.

A declining interest rate in the mortgage contract is realistic. High percentage loans representing substantial risk do and ought to carry higher interest rates than no risk loans. It follows that the loan contract ought to be written so that the higher interest rate will pre-

vail when the risk is high and the lower rate will prevail as the risk declines. This will tend substantially to keep seasoned loans on the books. Mortgagors ought not to be required to refinance elsewhere in order to get interest rate reductions.

There are other provisions of a flexible mortgage contract which may be considered. One of them is a simple form of "loan modification agreement" to be executed by the borrower and the lender under varying circumstances without expense and without delay. If a mortgage contract is to be changed at all, it ought to be changed in writing, and for this reason I strongly recommend such a written "loan modification agreement." This also should be used with care. It ought not to be used simply to get loans out of default. It can be used in proper cases, however, to the very great accommodation of all concerned to take a loan out of default, to change the monthly payment and to extend the loan, to change the interest rate, or for other purposes. For routine use the form ought to be carefully considered. It ought to be simple. It ought to preserve all of the mortgage contract except what is clearly changed. It shouldn't be used without justification.

WEST COAST LUMBERMAN'S PHOTO



A touch of the Riviera

THIS STRUCTURE takes a lot of two-by-fours, but it isn't as costly as it looks. In your better homes it may be just the design feature that will put your homes head and shoulders above your competitor's. If your prospects are basically lazy (and who isn't) this sun-swept deck should delight them.

The secret of a good sun deck is in the floor. All you need do is have your carpenters lay the foundation timbers and joists for a conventional porch. Instead of porch flooring use Douglas fir two-by-fours. Nail them onto the foundation joists just like porch flooring with the narrow edge exposed. Have your men allow about half an inch air space between each row of two-by-fours. No painting is required; it's better to let the boards weather to an attractive gray. To clean, just hose it off. The water and dirt run right through and the wood soon dries.

WALKER, HAY REALTOR
Just Listed, 1933 Million
PEARL UNION PARK
 Extra large, sparkling 3 1/2 bds
 being. Many closets. Beautiful, 1/2
 acre landscaped lot. 118 sq ft.
 Terms
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Spacious Brick Colonial
 Located in excellent neighborhood
 with a large lot. 3 1/2 bds, 2 1/2
 baths, 1 car. Call for details.
 Call for details.
 Call for details.
 Call for details.

[illegible]

Get a
move on!

See this wonderfully popular prize-winning 3-bedroom home with 2-car garage . . . just \$15,290 only \$290 down payment for veterans 30 year, 1 1/2% mortgage

DIRECTIONS BY CAR: after crossing the George Washington Bridge, take Route 4 to Kinderhook mark. Continue on Kinderhook Road to Emerson. Take right turn at Emerson Center to property.

BY BUS: from the Port Authority Terminal 41st Street and 5th Avenue, the terminal at 145th Street and Broadway in Manhattan, take either the Rockland Coach #1 or the Public Service Bus #166, direct to Emerson.

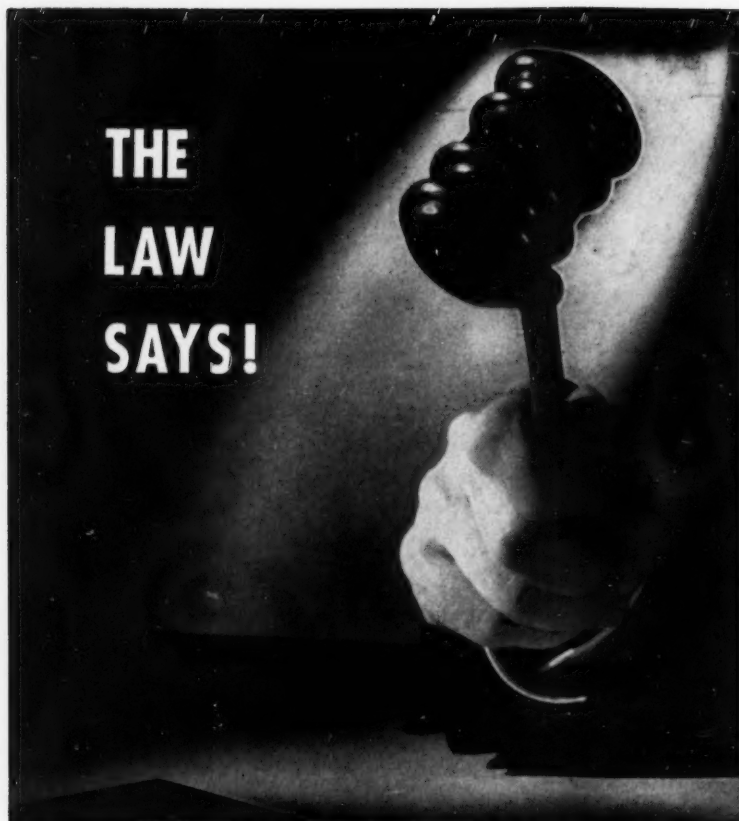
Continental Woods

MAIN ST AT RIDGE ROAD

Emerson, New Jersey
Tel.: WEatwood 5-3114

DIRECTIONS BY CAR: after crossing the George Washington Bridge, take Route 4 to Kinderkamack Road, Continue on Kinderkamack Road to Emerson. Take right turn at Emerson Center to property.

BY BUS: from the Port Authority Terminal, 41st Street and 8th Avenue, or the terminal at 148th Street and Broadway in Manhattan, take either the Rockland Coach II or the Public Service Bus #166, direct to Emerson,



A vendor may convey a title to property subject to certain exceptions. What are the four elements required in a strict foreclosure? Is a redemption period considered objectionable? Here are the answers by our expert legal counselor.

THE Chicago Real Estate Board Sales Contract No. 670 provides that the vendor shall convey the property, "subject to:

"1. Existing leases expiring. . . ;
 "2. Special taxes or assessments for improvements heretofore completed;

"3. The installments not due at the date hereof or any special tax or assessment, etc.;

"4. Water taxes payable after. . . ;

"5. General taxes for the year — and subsequent years;

"6. Building lines of record, if any;

"7. Building or liquor restrictions or record, if any;

"8. Zoning or building laws or ordinances;

"9. Party wall rights or agreements, if any;

"10. Principal indebtedness aggregating \$—secured by mortgage, etc.;

"11. ———."

At the bottom the contract provides for the vendor furnishing a

Guaranty Policy "subject only to the matters hereinbefore stated (1 to 11 above) and to the following matters, to wit:

"1. Rights or claims of parties in possession not shown of record and questions of survey;

"2. Mechanics' liens, if any, where no notice thereof appears of record;

"3. Special taxes or special assessments, if any, which have not been confirmed by a court of record. . . ;"

Then the contract goes on to provide that "such policy to be conclusive evidence of good title subject only to the exceptions therein stated. . ."

In other words, the title is to be conveyed subject to the two groups of exceptions.

That means that the vendee would have to take the title subject to all Mechanics' Liens, where no notice thereof appeared of record. It means that if the building encroached on the adjoining lot, or if the building on the adjoining

By **GEORGE F. ANDERSON**

lot encroached on the property under contract, and which is considered an encumbrance, the vendee would have to take it. The contract says that the policy shall be considered conclusive evidence of good title subject only to the exceptions stated and one of those exceptions is questions of survey.

I HAVE OFTEN wondered why we don't use strict foreclosure more than we do. I say "we" in order to include myself because I didn't use it as often as I could have done.

During my 40 years of the practice of law, I only used it in two cases. They went through without a hitch and the Chicago Title and Trust Co. issued guaranty policies. As I remember it, the elements required in a strict foreclosure are:

1—The value of the property must not exceed the mortgage.

2—The holder of the mortgage must be willing to accept the property in full satisfaction of the debt.

3—The mortgage must be insolvent.

4—There must be no subsequent liens to wipe out.

The advantage of a strict foreclosure is that it involves no sale, and no redemption period. Perhaps the reason we don't use the action more than we do is because it is novel to us, and we may fear running into a master or a judge who is prejudiced against depriving a mortgagor of his right of redemption and who may put obstacles in our way. And again we may not consider a redemption period as objectionable.

In a strict foreclosure it is the decree that vests the title in the mortgagee. The decree gives the mortgagee 30 to 90 days in which to pay, and if he has not paid the title vests automatically in the mortgagee without any further steps.

The authority for this is the case of *Ellis vs. Leek*, 127 Ill. 60. In this case the court said: "We think, however, that an examination of the reported cases, in which records in such proceedings have come before this and the Appellate Courts for review, will show the practice in the various circuit courts of the State to have been to treat the decree of foreclosure as the final order in the case, and that such practice has, with more or less directness, met the approval of this court."

EXCLUSIVE SALES AGENCY CONTRACT

BARNARD CORPORATION,
312 Cherry St.,
Green Bay, Wisconsin

Green Bay, Wis.

In consideration of your accepting this contract I hereby give you for _____ month from this date the exclusive agency to sell my property as follows:

together with all buildings and improvements thereon for the price of _____ Dollars (\$ _____)

and I agree to pay you a commission of five (5%) per cent of the above price if the property is sold, transferred or exchanged, or a purchaser procured by you, by me or by anyone else during the continuance of this agency for the price and upon the terms herein named or for any other price or upon any other terms which I may accept. Taxes, rents and insurance pro-rated to date of transfer.

I will sell this property on the following terms and I agree to execute and deliver to any purchaser you may name a warranty deed of this property and to furnish said purchaser a complete abstract of title showing good merchantable title in me at the time of transfer to said purchaser.

I hereby authorize you to bind me by contract to sell at the above price and upon the above named terms.

Witness _____ (Seal)

_____ (Seal)

House (dimensions) _____ Flat _____ Apts _____ Lots _____ Acreage _____
Stories _____ Exterior _____ Foundation _____ Age _____ Roof _____
Basement _____ Lot _____ Distance to Grade School _____ High _____ Bus _____
Street _____ Sidewalk _____ Sewer _____ Water _____ Taxes _____ Rent _____
Phone _____

Tenant	Basement	1st Floor	2nd Floor	Special Features
Number Apartments				
Floors				
Walls				
Trim				
Vestibule, Hall				
Living Room — Size				
Dining Room — Size				
Kitchen — Size				
Breakfast Room				
Bed Rooms				
Den or Library				
Bath				
Lavatory and Toilet				
Fireplace				
Sun Room				
Heat				
Garage				
Driveway				

Simple Contracts Ease Sales

PURCHASE AND SALES AGREEMENT FOR PURCHASER

It is hereby mutually agreed between _____ SELLER

and _____ PURCHASER

1. The SELLER agrees to sell and deliver to the PURCHASER the following described property:

2. The PURCHASER will pay to the SELLER the total price of:

Dollars (\$ _____)
Dollars (\$ _____)
having already been paid, the receipt for which is hereby acknowledged, which amount shall be held in Barnard Corporation Trust a/c until deal is consummated, the balance of _____ Dollars (\$ _____) to be paid

at which time the property is to be conveyed by warranty deed free and clear of all encumbrances and liens, abstract is to be furnished showing good merchantable title, taxes, rents and insurance to be pro-rated to date of transfer and possession given.

3. IN WITNESS WHEREOF we have set our hands and seals this _____ day of _____, 195 _____

In presence of:

(Seal)

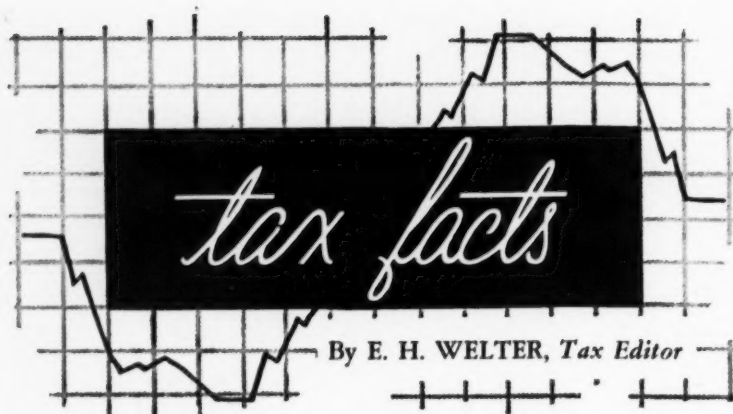
(Seal)

(Seal)

(Seal)

If you're struggling with unwieldy, confusing contracts, you'll be particularly interested in these two printed forms used by the Barnard Corporation of Green Bay, Wisconsin. These are among the simplest and best sales contracts we've seen.

The "Purchase and Sales Agreement" has three carbons and the "Sales Agency Contract" has one. You can readily appreciate how much thought and careful planning went into producing these small, one-page forms. Compare them with yours, perhaps you'll want to try them.



TAXPAYER MOVED RESIDENCE from old lot to new lot, and sold the old lot. Revenue Ruling 54-156, says that excess of selling price of old lot over cost of new one is reportable gain.

COMPENSATION PAID IN promissory notes, by cash basis taxpayer corporation (Baltimore Dairy Lunch, Inc., DC Minn.) for personal services, was deductible in year notes were paid and not when they were given.

RENTAL INCOME FROM equipment-title in dispute. Taxpayer on accrual basis was engaged in selling and leasing heavy construction equipment. He purchased a piece of equipment in 1941 from a vendor who became bankrupt before the title was validated. Rental received from this equipment was not accrued during 1942 but was reported as income in 1943 when the title was cleared. Depreciation on the equipment, however, was taken in the year of its use, for example 1942 and 1943. Tax Court upheld the taxpayer's contention. (S. P. McCall v. Comm.).

REPAIRS ON LEASED PROPERTY are not deductible when you repair the roof for your landlord. It is neither business expense nor a casualty loss per the Fifth Circuit's affirmation of a Tax Court decision (Levy v. Comm., 54-1 USTC)

SALE OF RENTAL EQUIPMENT. Taxpayer was actively engaged in the leasing of heavy construction equipment. (McCall v. Comm., TC). Tax Court, therefore, held that sales made in 1942-1945 were entitled to capital gain

treatment under Code Sec. 117 (j). The rental payments received were under lease-purchase contracts and were applied on the purchase price and were not ordinary rental income. The payments were large enough to give the purchaser an equity in the equipment and would be considered excessive rental payments.

GIFTS VERSUS COMPENSATION has provided much controversy for tax people. The Tax Court decision (Hahn v. Comm.) has added some factors which may help in deciding this matter in the future. Ruth Hahn, a widow, received a voluntary payment from her deceased husband's former employer. The Revenue Service has previously ruled under IT-4027, that such payments made after January 1, 1951 were income to the recipient if services had been rendered by the deceased spouse prior to his death to such employer making the payment. The current Tax Court decision calling it a gift, says, (1) there was no obligation to make the payment, (2) payments were to the widow and not the estate, (3) the death of the husband was the reason for the payment, and (4) no benefit accrued to the corporation making the payment other than the satisfaction which accompanies an act of kindness.

COST OF LIFE ESTATE CAN be amortized over life expectancy of beneficiaries. (Bell, CA-7). Bell, taxpayer-remainderman, purchased the life estate of reciprocal trusts created by his mother and father, making each the beneficiary of the other, with the remainder over to the taxpayer. The taxpayer amortized the cost of the

life interests over the life expectancies of his parents. It was the Commissions contention that when the remainderman purchased the interim life incomes, he merely merged the various interests and there was nothing to amortize. The Court ruled, as the Tax Court had previously ruled, that when the taxpayer purchased the life estates he acquired an exhaustible interest for income tax purposes.

UNREIMBURSED TRAVELING expenses of salaried employees. A taxpayer salesman traveled within his own home city and county, furnishing his own transportation and paying his own expenses. (Smith, TC). He deducted from gross income, all such expenses incurred. They were disallowed as deductions from gross income, as not being incurred while away from home, but the Tax Court inferred that if a separation had been made between the expense incurred in the city and in the county outside the city limits, that they might have been allowed part as deduction from gross income and part as itemized deductions.

PROMISSORY NOTES TAKEN as part consideration in the sale of a partnership interest were considered at their face value by the tax court (Hulbert v. Comm., TC 12/30/1953), and not as the taxpayer had argued: He said they had no readily realizable value and that their fair market value should not be included in computing gain on the sale.

MANAGING ONE'S INVESTMENTS is not a trade or business, said the second circuit court, reversing a tax court decision in (Weldon Smith, CA-2). The taxpayer was interested as an investor, creditor, and manager in a number of different businesses. He could not take a business bad debt deduction for advances made to one of them after it became bankrupt. Such a loss must be treated as a non-business bad debt subject to the capital loss limitations.

HOTELS PURCHASED BY A taxpayer and resold without his making any special effort to resell them, except that he had attractive offers, allows him to report the profits as a capital gain. (Simberg, TC Memo). Apparently the Tax Court had convincing evidence that the tax payer was in the business of buying and selling hotels as a regular trade or business.

Anderson's Open Forum

Dear Mr. Anderson:

This company is mortgage servicing agent for some 25 banks and insurance companies and, as such, we are responsible for the hazard insurance on a large number of mortgaged properties.

We have instructed our attorney to investigate the matter but wonder if it is appropriate to ask you for any information you feel free to furnish, particularly regarding the validity of an insurance policy insofar as a mortgagee is concerned, if the "moral hazard clause" may have been violated.

Don Houser
Mobile Mortgage Corporation
Mobile, Alabama

I don't think the Moral Hazard Clause would effect a mortgagee. I can't think of any situations where it would. I recommend that you, and all others who are interested, ask some Insurance Company, or Insurance Lawyer, if the policies adopted by your state have the Moral Hazard Clause in them or not. The clause was so harsh that most states have discarded the old form of policies and adopted the new form that is more in keeping with progress and modern business.

You've gotten me so excited that I'm thinking of writing a series of items on Fire Insurance. To do so, I would have to return to my books and refresh my mind on the subject, and I would also want some practical insurance agent to cooperate with me.

DEAR MR. ANDERSON:

Our office reads your column with a great deal of interest. In a recent item you speak of non-exclusive listings. My question is, "If the owner had sold to the prospect for \$19,000, could the broker have recovered a commission from either the buyer or the seller?"

Cyrus A. Hackstaff
Denver, Colorado

In the item referred to, the owner listed the property at \$20,000. The broker introduced a prospect. The prospect called on the owner who quoted a price of \$19,000. The prospect went back to the broker, who called the owner. The

owner said that \$19,000 was the price without commission. The deal was killed. If the owner had made a deal at \$19,000 the broker would have been entitled to a commission on that amount. If an owner makes a deal with a prospect on "substantially" the same terms as the listing, the broker is entitled to a commission.

Dear Mr. Anderson:

One day last month, we showed a house in town to a man and his wife. Being favorably impressed, they went home to "sleep on it." The next morning we received a letter tentatively offering \$10,600. A confirming letter was sent to the owner who was out of town for several days. The offer was subject to further inspection within a day or so.

The owner, upon his return to town, came to our office and told us he, too, had received a letter from the prospect offering \$10,600.

He refused this offer but said he would not refuse \$11,000.

The following day the owner said the prospect was inspecting the property with another local broker and that he had accepted an offer of \$11,000. When I asked him where we stood (being the original broker who had shown the property and to whom the offer had originally been tendered) on the deal, he replied, "That's not my headache."

Our attorney talked to the purchaser who is belatedly concerned that he should have made his higher offer through us. He said the other broker phoned him 48 hours later, saying that he would try to get the property for him at \$11,000. Our attorney also spoke to the other broker who felt it was a free field for him to try to get a higher offer inasmuch as the seller did not accept \$10,600, even though he knew we had been in contact with both buyer and seller only a few hours before.

It is our contention that all three of the principals are not being ethical. The owner in not insisting that the buyer do business through us . . . the buyer did busi-



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Firm _____

Address _____

Town _____ State _____

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ness through the second broker when he was entirely satisfied with our efforts . . . the broker should not have gone any further when told by the buyer that he had been shown the property two days before by us and had written a letter offering \$10,600.

We would appreciate hearing from you as to your opinion in this case.

Dorothy Dietz
Camden, Maine

According to my view our correspondent is entitled to a commission. The owner did not act

in good faith with him. Our correspondent found the prospect, and while he was negotiating with the prospect, not having abandoned him, and not having said that he wouldn't get \$11,000 for the property, the owner broke in and sold the property through another broker at a price which our correspondent could have obtained if he had been given a fair chance.

One of my correspondents anonymously sent me a clipping telling about an eccentric hermit who, deciding to sell his home, listed it with a broker at \$12,000. The broker found a buyer, but the

owner refused to sell. The broker sued the owner for \$600 commission, got a judgment by default, sold the home on execution, and when the time to redeem had gone by, sued out a writ of eviction. I don't know what the point may be. Perhaps it is not to try to cheat a broker, or not to neglect a summons, or not to be eccentric. If you need any of these morals, take the lesson to heart.

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(See Below)

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Fine commercial property in Ottumwa, Iowa.
Corner location — Modern Building
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WANTED: Large, reliable, commercial realty firm to handle sale of 45-year old, \$500,000 a year business in Michigan. Address inquiries to National Real Estate and Building Journal, Box 911, Cedar Rapids, Iowa.

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Product Progress

(Continued from page 16)

smoothly, whether open full or only an inch. The housing of the Klo-Sure is aluminum, equipped with its own safety chain. Attachment of the Klo-Sure to the door jamb — is secure and universal.

Fingertip Control

9-11

This new horizontal sliding aluminum window, manufactured by Whizzer Products Company, Pontiac, Michigan incorporates such design features as — a Silicone weather seal at interlocking meeting rail, wider integral self-aligning flanges, and a tamper-proof bolt-lock that lies flush to trim. Each sash rolls on powdered-bronze, oil-impregnated bearings encased in stainless steel, turning on stainless steel pins, and gliding on precision-made frames. Other features claimed by the manufacturer include simplicity of removing inside panes for washing, open-and-shut gliding action, no-rust aluminum-mesh screen and double-glazing.



Random Tile

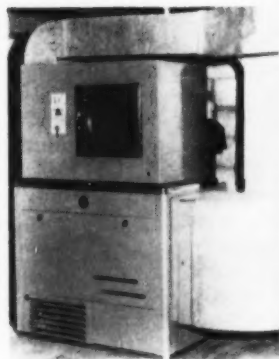
9-12

The sound control products of the Owens-Corning Fiberglas Corporation has been further expanded by addition of a perforated acoustical ceiling tile in a random pattern. The perforations are in an irregular, scattered pattern, in contrast to the straight line arrangement of the holes in other acoustical tile manufactured by this company. Firesafe, dimensionally stable and light in weight, it is available in 12 by 12 and 12 by 24 inch sizes. Its painted surface is washable and it can be repainted as frequently as desired.

Combination Dryer and Furnace

9-13

Called the Herbster Heat-N-Dry, this combination gas warm air furnace and clothes dryer is manufactured by the Herbster Products Company, Cleveland. The dryer door, which shuts off the dryer when opened, is at chest height for easy insertion of wet clothes. Only air that is filtered and free of all combustion gases touches the clothes. Other features claimed for the Heat-N-Dry include the elimination of any basement moisture problem since all water in the wet clothes and lint is blown through the vent extension to the outdoors; a saving of floor space; and fully automatic operation.



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Among Ourselves

Business is good for realtors, builders, and property managers.

And it will keep on being good, judging from statistics uncovered by Realtor-Builder Fritz Burns of Los Angeles, chairman of the Build America Better Council. People are moving . . . in numbers you may not have imagined. And the rate is steadily going up. Every move means a sale or rental for the alert realty executive.

People often think increased home ownership should also mean

increased stability of the population. Not so now. On the contrary, mobility coupled with a rise in home ownership shows prosperity. People are moving as industrial centers move. Due to our industrial society the stationary part of our population is diminishing, just as the agrarian part has. Only a few years back one of two families lived on a farm. Now it's only one in five.

Another interesting thing about our changing population is the

increasing number of elderly persons. How about special housing for them? Do they form a large market? To what extent should their needs be considered in the design of new apartments? Faced with these same questions, the Housing Association of Metropolitan Boston got the answers, plus how-to-do-it information, and published a booklet on it. If you're interested, the JOURNAL will forward your inquiries.

Fed up with the high rate of traffic accidents, Long Beach realtors

are pushing a safety crusade and cashing in on a bit of institutional promotion for their board. They made up a list of ten checkpoints for drivers, used them in a cooperative ad alongside a list of contributing realtors. By pushing hard to circulate actual checklist copies, they're focusing attention on a serious public problem and getting citizens to do something about it.

To four Cincinnati realtors, the Ohio turnpike meant 151 miles of

headaches. Acting as agent for the state, Albert Mayer, Jr., Carl Mayer, William Edgemon and Herbert Fast formed a partnership to buy the land for the toll road. They appraised 2,200 land parcels, bought 1,600 and had to deal with owners scattered country-wide. They had offices in seven counties, had to school a big staff in condemnation proceedings and problems in "partial takings." The whole job required two years and hundreds of aspirin.

It takes more than glamour to be picked as Miss National Home

Week. Executives in NAHB, seeking someone who typifies a happy home life, chose Miss Jeanne Crain for the honor this year. Miss Crain, popular movie star, will preside over the week-long celebration September 19-26 when builders in 50 cities will stage a "Parade of Homes" involving approximately 10,000 exhibit homes.

No more barbecue pits, dog kennels or luxury patios. That's the

word from FHA concerning its Title I home repair loan insurance program. Under the new law, patio improvements will be ineligible for insurance "unless permanently attached, affixed to an existing structure, and covered by a roof." In other words, they'll permit only items which add to the basic livability of the house.

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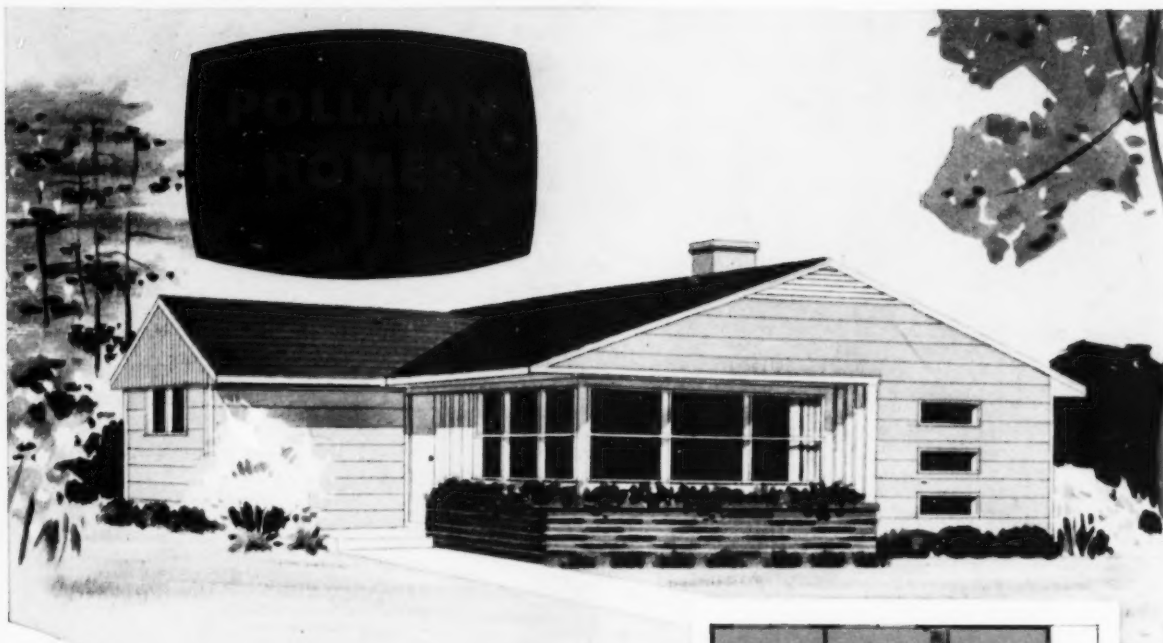
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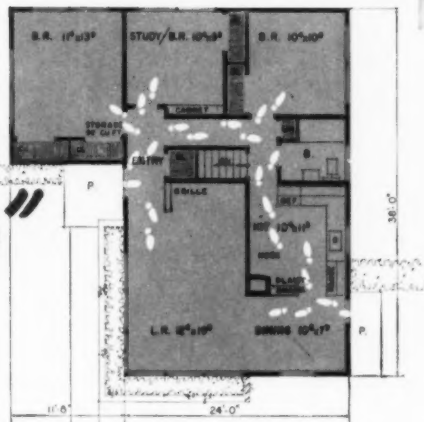
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